

Putting faith in U.S. miracles

BY ANTHONY HARRIS

THE KEEN interest with which businessmen follow every twist of the U.S. growth rate at the moment is one of the sadder aspects of a discouraging economic scene. The era of forecasting has invested percentage figures with so much significance that many figures seem to have been forgotten to ask themselves what the percentages measure; more precisely, they have forgotten to ask themselves how long it would take a 6 per cent annual growth rate—the rate now forecast for the last two quarters of this year—to make any important difference to an economy whose capacity is more than 30 per cent idle. If the answer to that conundrum is not depressing enough, ask yourself further what is causing the present recovery. The main answer is that the stock market is coming to an end: not a new growth trend, but a simple need to produce as much as is consumed.

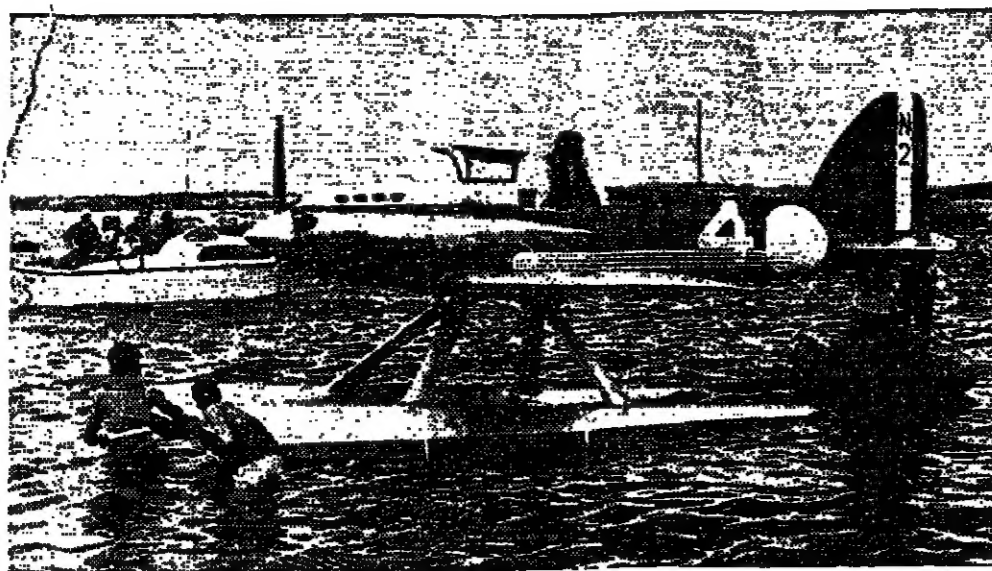
Peter out

A recovery of this sort is hardly the sort of self-sustaining process which will lead the whole world back to economic health and activity; on the contrary, it is all too likely, in the absence of any further stimulus, to peter out. The smooth recovery of a shallow cycle, which soon provokes company boards to look ahead to booming markets and capacity shortages, is a very different matter from the bottoming out of a really deep recession. Only the oldest of businessmen can remember the succession of false recoveries which persisted through 1930 and 1931, as the recession was in fact deepening. In short, a simple extrapolation of the last would lead to the gloomiest conclusions about the U.S. economy. Investment in fixed assets is still historically high, especially in relation to the level of unused capacity; but it is falling precipitously; financial confidence remains low. Companies remain burdened with high debt ratios and high stocks; according to Salomon Brothers, whose analysis of balance sheets has provided one of the most reliable guides to the U.S. economy, corporations will this year devote some \$43bn—3 per cent of GNP—to rebuilding their financial rather than their productive strength, offsetting some two thirds of the Government's efforts at reflation. All these reservations are, in a subdued way, spelt out in the cautious OECD survey of the U.S. economy which also provides the hopeful growth figures; and the

OECD also draws attention to the new factor which could make things different this time round, "the simultaneous start of large energy and other resource-based investment programmes could generate a new investment boom." In other words, one of the main grounds for hope lies not in the cyclical factors which are attracting so much attention, but in the abnormal politics and economies of resources. The energy investment boom remains something of a mystery. So far it has been all talk and little action. Partly, perhaps, because the U.S. Government has devoted such a huge propaganda effort to proclaiming the supposed weakness of the OPEC cartel, and partly because a Democratic Congress (and especially the representatives from New England) resist any move which would raise the cost of energy to consumers, the U.S. utilities have so far been reluctant to bank on a permanent regime of high prices, to justify investment in high-cost production. The Administration seems to have some sort of a policy, but has yet to get it taken seriously.

Confused

The picture is almost as confused outside the U.S. Only the North Sea is clearly attracting the effort which was expected. The smooth recovery of a shallow cycle, which soon provokes company boards to look ahead to booming markets and capacity shortages, is a very different matter from the bottoming out of a really deep recession. Only the oldest of businessmen can remember the succession of false recoveries which persisted through 1930 and 1931, as the recession was in fact deepening. In short, a simple extrapolation of the last would lead to the gloomiest conclusions about the U.S. economy. Investment in fixed assets is still historically high, especially in relation to the level of unused capacity; but it is falling precipitously; financial confidence remains low. Companies remain burdened with high debt ratios and high stocks; according to Salomon Brothers, whose analysis of balance sheets has provided one of the most reliable guides to the U.S. economy, corporations will this year devote some \$43bn—3 per cent of GNP—to rebuilding their financial rather than their productive strength, offsetting some two thirds of the Government's efforts at reflation. All these reservations are, in a subdued way, spelt out in the cautious OECD survey of the U.S. economy which also provides the hopeful growth figures; and the



A replica of the 1927 record-breaking Supermarine S-5, forerunner of the Spitfire, takes to the waters of the Solent. It was built by Mr. Ray Hiltner, of Oliver's Battery Road, Winchester, and will eventually be flown by Flight-Lieutenant John Blake, a former RAF test pilot. The original aircraft set a world speed record of 283.67 m.p.h. at Calshot in 1927, and went on to capture the Schneider Trophy at an average speed of 281 m.p.h. in the same year.

RACING

BY DOMINIC WIGAN

Grundy's price unattractive

JUDGED BY their quotes of 8 to 1 on Grundy for today's 2500m Benson and Hedges Gold Cup (3.10), the leading bookmakers clearly believe that the Derby winner will not be extended to bring his winnings past the £300,000 mark in this top-class 10furlong event at York. Grundy may well be able to justify those odds and extend his winning sequence to five; but in view of the exceptionally hard race which he had when holding the equally tough Bunting in Ascot's King George VI and Queen Elizabeth Diamond Stakes, the price on Eddery's mount looks far from attractive. A much better betting proposition to my mind is Dahlia elsewhere. The French filly produced a remarkable turn of foot for Pigott's whip, overhauling Imperial Prince and Snow Knight in the corresponding event last year.

Mr. Nelson Bunker Hunt's outstanding filly showed she was returning to something approaching her best form of 1973 and 1974 when taking third place in the King George VI, and at expected odds of around 6-1 she appears as a sound each-way proposition. Thirty-five minutes after the Benson and Hedges Gold Cup, Eddery and Pigott will again be on the two principals in the Yorkshire Oaks (3.45), which a year ago produced such an exciting finish between Diddie and Mili's Bomb. In this afternoon's running, Pigott resumes his highly successful partnership with Juliette Marny, bidding for a fourth consecutive victory after successes which have included the Epsom and Irish Oaks. Eddery rides May Hill, an easy winner

from the moderate Cannes at Haydock on her last appearance. Juliette Marny should have little difficulty in again being May Hill, whom she had some way behind her in the Oaks; but on this occasion I believe that the lightly rated Sausagebot, who may not have produced her true running when easily held by

GOLF

U.K. team named for Ryder Cup

THE MEMBERS of the British Ryder Cup team to meet the U.S. Ryder Cup team at the U.S. National Golf Club at Laurel Valley, Pennsylvania, on September 19, 20 and 21, announced yesterday, include Peter Oosterhuis and Tony Jacklin. The full team, captained by Bernard Hunt, is: Eamon Darcy, Maurice Bembridge, Brian Barnes, Bernard Gallacher, Guy Hunt, Norman Wood, John O'Leary, Brian Huggert, Tony Jacklin, Peter Oosterhuis, Jimmy Horton, and Christy O'Connor Junior. Those playing in the Ryder Cup for the first time are Darcy, G. Hunt, Wood, O'Leary, Horton and O'Connor Junior.

CRICKET

BY TREVOR BAILEY

Australia battle back on best day of Test

YESTERDAY WAS easily the most entertaining day of the Leeds Test Match with 327 runs scored to provide the prospect of a most exciting finish to-day. Australia fought back bravely to finish 220 for three, which means they need 325 to win.

The main reason for this run has been the pitch, which, instead of becoming slower and slower as has been expected, seemed a shade quicker and less receptive to spin than in the early stages.

Possibly the English slow bowlers Edmonds, Underwood and Greig were not quite at their best. However, great credit must be given to McCosker and Ian Chappell in particular, and to the rest of the Australian batsmen for the way they have set about making the 445 needed for victory.

I still fancy that England will win comfortably, but not with the comfort I originally predicted. If Australia succeeds, it will be an historic performance, because if a team makes over 445 in its final innings the opposition can have no complete recovery.

In the final session McCosker and Ian Chappell continued serenely against various bowlers. The Australian captain reached an excellent half-century and soon afterwards the stand passed the hundred mark. It was eventually ended by Old, who trapped Chappell in front as he tried to push across the line. This brought in Greg Chappell, the brilliant batsman, to produce a match-winning innings in these circumstances. He began impressively with three boundaries, but played half-cock to a ball

that turned, and was caught in the gully off an outside edge. There was considerable hesitation at the start of Walters' innings. He might have been caught in the slips off Old and a ball from Edmonds slipped between his pad and the stumps for an involuntary four. Nevertheless, he managed to stay there, and, as always on these occasions, the runs came. At the

England, 288 and 291, Australia, 136 and 220 for 3.

close McCosker was 95 not out—a masterly innings in every respect—and Walters 27.

When England resumed at 184 for three, basking in the sunshine of a lead of 107, Greig was resident, Steele 50 not out. The objective was quick runs, but the early pursuit was disappointing apart from Thomson's inaccurate first over, which produced 13 runs.

Mallett caught and bowled Greig, and then he was promoted to 187 and then had the promoted Old stumped off Marsh's pads. At the other end, driving optimistically, for a duck. Steele and Knott began to attack the bowling. Steele hit Mallett for a six, might have been caught in the gully off Thomson, and then drove him impressively to the boundary.

Two expensive overs from Mallett persuaded Chappell to take the new ball, which was shared by Thomson and Gilmour. This made no difference, indeed, it inspired Knott to even greater

bellicose, which included depositing a good-length ball from Thomson full toss over the mid-wicket boundary.

Steele, alas, did not achieve the century he deserved as he was caught at mid-wicket at 272, for an admirable 82. Four runs later Knott was superbly caught for a chirpy, cheeky 31. The innings eventually ended just after one o'clock, at 288. This left Australia the enormous task of making 445 to win in 816 minutes.

McCosker and Marsh experienced some anxious moments against Old and Snow, but were still together at lunch with 12. The English pace bowlers continued after the interval without enjoying much luck—Snow had Marsh put down in the slips. The break was eventually achieved by Underwood, who clean-bowled Marsh for 12. However, in general, runs, aided by the attacking fields, came rather too fast for England's composure.

Snow was the most threatening of the English bowlers, but Edmonds was unable to escape. Edmonds was trapped at the attacking fields, came rather too fast for England's composure.

Geig intelligently switched his bowlers in an effort to break this stubborn and productive partnership but at tea Australia were 122 for 1.

TV Top 20

Week ended August 10

	(m.)	Home viewing
1 Man about the House	6.35	
2 The Cannon	6.30	
3 Down the Gate	6.30	
4 Seaside Special	6.30	
5 Coronation Street	6.10	
6 Crossroads (Thurs.)	5.55	
7 Crossroads (Wed.)	5.70	
8 Crossroads (Tues.)	5.55	
9 Coronation Street	5.55	
10 Moody and Peg	5.55	
11 News at Ten	5.55	
12 The Thursday Club	5.55	
13 Crossroads (Fri.)	5.55	
14 Don't ask Me	5.55	
15 News at Ten	5.55	
16 The Thursday Club	5.55	
17 Goshings	5.55	
18 News at Ten	5.55	
19 Connelly Premier	5.55	
20 The Thursday Club	5.55	
21 General Hospital	5.55	

Figures compiled by the Audit of Great Britain for Joint Industry for Television Authority Research.

SALEROOM

OVERSEAS BUYERS were in strong evidence at a Phillips' sale of prints which saw some buoyant prices and fetched a total of £15,397. An etching by Jacques Beillegue of Kaspar, one of the three kings, went to Craddock and Ballard for £1,400 (est. \$800-£1,000) and Arwys paid £800 for an etching by Gerald Brockhurst of a young nude entitled Adolescence.

In a sale of furniture and works of art which totalled £17,560, Shayer paid £300 for a cranberry coloured glass garniture and Bishop paid £250 for an 18-piece 19th century French porcelain dinner service. A sale of modern and contemporary art realised £3,275.

BBC drug film 'caused deaths'

THE BBC was attacked yesterday over plans to repeat on Thursday its controversial drug film *Gale is Dead*. The Helping Hand Organisation, which exists to help drug addicts and alcoholics, alleged that the programme "has already been instrumental in causing more deaths than it has prevented since it was first screened in 1970. We would urge the BBC to replace the programme. It may prevent still more girls from identifying with Gale's hopelessness." A spokesman of the Helping Hand said the documentary, to be repeated in the Man Alive BBC-2 series, "gives such a hopeless but romantic picture of what it is like to be a drug addict that it encourages many addicts to have copied Gale."

LEGAL NOTICES

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No. 005749 of 1975. In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of JAMES CORRIE and in the Matter of the Petition of the Company for the Winding up of the above-named Company, a Petition for the Winding up of the above-named Company by the High Court of Justice, presented to the said Court by C. F. ANDERSON and SON LIMITED, whose registered office is at 10, Abchurch Lane, London, E.C. 4, and who are the Liquidators of the said Company, requiring such copy of the Petition as may be required by the said Company.

Radio

Indicates programme in black on white. BBC 1 9.55 a.m. Wacky Races. 10.05 Robinson Crusoe. 10.20 The Record Breakers. 10.30 Cricket: Third Test, England v Australia. 1.30 p.m. Bopgrass. 1.45 News. 1.50 Billdowner. 2.15 Cricket: England v Australia. 2.25 Regional News (except London). 4.25 Play School. 4.30 Tom's Midnight Garden. 5.15 Brainchild. 5.40 Sir Prancelot. 6.45 News. 6.50 National News (London only). 6.55 News. 7.00 News. 7.10-7.40 Sir Cwen. 7.40-8.10 The Oval Test: West Indies and the Australians go together for the first time. 8.10 News. 8.15 News. 8.20 News. 8.25 News. 8.30 News. 8.35 News. 8.40 News. 8.45 News. 8.50 News. 8.55 News. 9.00 News. 9.05 News. 9.10 News. 9.15 News. 9.20 News. 9.25 News. 9.30 News. 9.35 News. 9.40 News. 9.45 News. 9.50 News. 9.55 News. 10.00 News. 10.05 News. 10.10 News. 10.15 News. 10.20 News. 10.25 News. 10.30 News. 10.35 News. 10.40 News. 10.45 News. 10.50 News. 10.55 News. 11.00 News. 11.05 News. 11.10 News. 11.15 News. 11.20 News. 11.25 News. 11.30 News. 11.35 News. 11.40 News. 11.45 News. 11.50 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News.

Birds of a feather

by DENYS SUTTON, Editor of Apollo

The National Gallery's acquisition of George Stubbs' *The Melbourne and Milbanke Families* will be warmly welcomed. It shows the painter at his most subtle and could well hang in any exhibition of eighteenth-century masterpieces. In general, the Gallery does not purchase paintings of the national school, but on this occasion the international calibre of the picture amply justified its intervention. All the more so as the Tate Gallery was out of the running.

As the painting would have left for Switzerland in the autumn, its retention has been a near thing. What would have happened if the National Gallery had not acted the way it did? It would have been asking too much of the public to have raised funds for buying it at this juncture. However, the purchase will seriously deplete the Gallery's own annual grant and will leave it with about £200,000.

The future is alarming. Many other works will certainly come on to the market as a consequence of the grim economic situation and the weight of taxation. The most menacing threat is constituted by the Wealth Tax. If this includes works of art, the curtains will come down on one of our most fruitful contributions to civilisation. In most other countries where a wealth tax is imposed, works of art are excluded and the tax itself is substitutive, not additive. Obviously the inclusion of works of art will augment the liabilities of owners enormously, and one principal means of meeting their obligations will be to realise such assets as works of art.

The idea that the national collections will benefit from the dispersal is an illusion. The State does not command the resources required to cope with such a flood: the beneficiaries will be foreign buyers whose possession of hard currencies will provide an additional incentive to move into the market. Moreover, the Government, rightly, has declared that a total export ban is out of the question. During recent months intense discussion has taken place in the House of Commons about the Green Paper outlining the Government's proposals on the Wealth Tax, and special attention has been paid to the implications of the tax in respect of works of art. In due course the submissions made to the Parliamentary Committee will be published. With two exceptions, the submissions have been unanimous in stating that the inclusion of works of art in such



Stubbs: the Melbourne and Milbanke Families

a tax was undesirable. The telling point was made that accommodation for them was not available, now or in the foreseeable future. Moreover, informed opinion supports the view that the private ownership of works of art brings many benefits. Let us turn to the objects. First and foremost is Mr. Hugh Jenkins, the Minister for the Arts. He made two submissions to the committee in which he brushed aside the arguments of the experts and claimed that his fears were exaggerated. He stated that he could be trusted to ensure that the tax would be applied to works of art "sensitively"—a curious word indeed. When asked to clarify what he meant, his answers were evasive. Mr. Jenkins's only support came from a submission made by seven art critics. This group consists of John Berger, Guy Brett, Richard Cork, William Feaver, Peter Fuller, Paul Overy and Caroline Tisdall. Mr. Berger, a well known Marxist, is a Swiss resident. It is, in fact, proper for a Swiss resident to

submit to a parliamentary committee a proposal for the taxation of United Kingdom residents? The seven critics are principally concerned with modern art, not the Old Masters or decorative arts, so that their field of competence does not lie with the sort of items that would be mainly affected by the tax. Their statement revealed a marked lack of knowledge.

The Entertainment Guide is on page 9

about the history of collecting and patronage in this country. Their argument that such activities have been exclusively the privilege of the gilded aristocracy and the wealthy is not factually correct. From the seventeenth century onwards numerous patrons and collectors have been painters, writers, professional people, modest businessmen and even Government officials. A few recent illustrations drive home the point. Within the past

40 years two of the most gifted collectors of English drawings were civil servants—A. P. Oppé and L. G. Duke who worked at the Ministry of Education—and not the Old Masters or decorative arts, so that their field of competence does not lie with the sort of items that would be mainly affected by the tax. Their statement revealed a marked lack of knowledge. A member of the Government appearing before a Parliamentary committee ought to take the trouble to know the facts. From his submission it appears that for him emotion and prejudice are the guides. Not reason and knowledge. This is an age of envy, and to quote Dr. Johnson, envy is "the only passion which can never lie quiet from want of irritation." In his public attack on the origins of some members of the Standing Commission on Museums, he apparently forgot that two of his butts—Lord Crawford and Lord Plymouth—were elected by the museums in Scotland and Wales respectively,

and that the third, Lord Rose, was appointed by the Government of the day. They were chosen not on account of their lineage but because of their competence. Mr. Jenkins attacks men of this calibre who have given valuable service to the community. He evidently prefers the approach of a member of the Committee of Seven such as Mr. Peter Fuller. Let me fill in the picture. This critic was Home News Editor of a short-lived revolutionary Marxist weekly, entitled Seven Days. A Minister for the Arts does not have to be a man of noble birth; he does have to be one of noble spirit. A Minister for the Arts does not have to be an educated man; he does have to possess judgment, a respect for continuity and a belief in creativity. The result of Mr. Jenkins's policy will be to destroy a major part of the national heritage, and to pave the way for a Commissar of Culture. Mr. Jenkins's vision of art appears dim and grey. It should be fought by all men of good will who believe in life enhancement, not in life diminishment.

After Sir Thomas Lawrence's death, a question of the hour was whether or not the government would buy his celebrated collection of Old Master drawings. Talleyrand, then French Ambassador in London, saw them and said: "If you don't buy them, you will be barbarians." A modern version of this famous saying might be: "If you accept envy and collectivism, you will be barbarians."

Letter from Yugoslavia

Pula Film Festival

by RONALD HOLLOWAY

One good reason for attending to-day with his critical *People* the Pula film festival, the show *Pavlovic*. Shown conspicuously out of competition, it recounts how a simple labourer responded to Tito's open letter in 1972 on the corruption of the Marxist ideal in higher places by an honest revelation of the same on television about conditions at his factory. A chain reaction is set off: our hero cake-walks through every phase of corrupt Yugoslav life from mismanagement to black-market worker transports to West Germany, until he turns a new leaf and dies setting from Eisenstein to Tarkovsky.

The arena's almost nightly fare of stupendous, banal war-movie time on a small budget, but this crudeness of theme endows the film with a nervous energy from start to finish. A lot is lost on the foreign viewer, and precisely because it works by implication, rather than direct confrontation, I think it's not too serious a film in the long run. The satirical musical interludes—a commentary on the crass popularising of folk music—keep interrupting whenever the going gets interesting.

The residue of a vibrant Yugoslav film culture is still visible in high-quality camera work. Djordjevic's strength is always in his images, and for *Pavlovic* he has Tomislav Pintar as photographer. Pintar's forte is exteriors, which also lifts something might happen to live things up a bit.

It did. Pula's Djordjevic, a Serbian member of the Old Guard who came up through the century Ljubljana in turn-of-the-country's leading lyrical poet on the phenomenon of partisan fighting, captured the spirit of

Albert Hall/Radio 3

La Poésie by RONALD CRICHTON

Over the past few years John Eliot Gardiner with his Monteverdi Choir and Orchestra has done admirable work in extending our knowledge of Rameau, a composer acknowledged as a figure of major historical importance but with rare exceptions little experienced as a charming miniaturist. Mr. Gardiner's concert performances at the Elizabeth Hall of *Dardanus*, *Les Fêtes d'Hébé* and the hitherto unperformed opera with which Rameau should have crowned his career, *Les Boréades*, could not claim to be wholly adequate substitutes for staged performances, but they are a good way of getting to know the music, they allow the listener's visual imagination free play and, they are not actively misleading or disappointing as inept or misconceived stage productions would be of theatrical genres so difficult and costly to realise under modern conditions.

Five years ago Mr. Gardiner included two acts of *Hippolyte et Aricie*, Rameau's first opera, in a Prom programme. On Sunday he gave the "Poetry" act of the opera-ballet *Les Fêtes d'Hébé*. The performance of single acts by this composer is surely justified. The entire works are chiefly but lengthy assemblages of mainly short individual numbers. Rameau of all composers was probably the least interested in writing arias of the kind that make for easy popularity. For an audience with little or no French his declamatory recitatives, designed to be sung by expert actor-singers in an intimate theatre, can be hard going. On the other hand, the sequences of dances, choruses and vocal solos with which he usually concludes his acts are so filled with musical invention, colour and contrast that they cast their spell even in Rameau's often cruel tessitura. Philip Langridge and Christopher Brook-Jones sang fluently as brook and river, not for the first time Dale Duesing, an act of *Hébé* rather than the even more seductive, headily sensual *Dardanus*. Dance act which closes the work, and which made did so powerful an impression when heard at the Elizabeth Hall, elegant, daring, writing. The first "Poetry" though less striking is certainly worth hearing: it is a grandly sonorous Concerto d'Armonie, No. 28, a due chort and the big solo cantata *Sieste vanti*, content is negligible apart from the latter sung prettily but a trifle superficially, with too much water-music, including a striking description of a river overflowing by Jill Gomer.

Round House

Die Kluge by RONALD CRICHTON

From West Germany the International Festival of Youth Orchestras has secured a production by the opera department of the High School for Music in Hanover. The comedy *Die Kluge* was justified by the particular fact that the composer is 80 this year, and by the general one that in England we see little of his work on the stage, for which most of it (including *Carmina Burana*) was intended. Whether *Die Kluge* is precisely the piece to win Orff a wider public in England is another matter. Like the earlier *Der Mond*, there is a cold quality about the humour, calculated to the last insistent repeat of insistently simple phrases.

This coldness got into the Hanover production, efficiently directed as it was by Willy Start, possibly designed for touring with treble stage and a few props, well executed by a lively young company and orchestra, yet rarely lighting up the gleam of magic that hides in Orff's primitive-sophisticated procedure. This gleam appeared fitfully as the "ever woman" whose ability to answer riddles has made her queen, mixed a sleeping draught for the King, it was caught during the King's subsequent dream, and again at the very end in some emphatic diatonic chords which Orff scores with exceptional resonance. Otherwise the genial, South German colour that came out so

strongly in the old recording with Schwarzkopf, was lacking. There were compensations, notably in the singing of the peasant-father by Theo Römer, a young bass worth watching, with presence as well as a fine clear voice. His clever daughter in a Mozart Flute concerto) in this performance was Viola Wiena, who has the right timbre that was allowed by Siegfried Schick, the conductor, to pull her lullaby out of shape. The three tramps who fall so easily into aphorism (some of their remarks were quite bold for 1943, when *Die Kluge* was first given) were Volker Vogel, Hartmut Krizsan, and Wolfgang Vater.

The Hanoverians followed a short concert by the Teipel Century Youth Orchestra from Taiwan, whose ages range from nine to 25—one tiny fellow was not very much larger than his own fiddle. They acquitted themselves valiantly under their conductor David Liao (whose daughter Jocelyn played the solo in a Mozart Flute concerto) in two movements of Haydn's Symphony No. 98, and in an arrangement of a (traditional) Chinese piece called *Feng Yang Hua Ku* about a queen who saved her country by giving herself to an invading ruler. Under a guest conductor, Avi Ostrovsky, they dipped through Beethoven's *Prometheus* overture, the music's lean tension was not their fault but Mr. Ostrovsky's for driving them so hard.

Phoenix Opera on tour—1

Carinthian Summer Festival by ELIZABETH FORBES

Phoenix Opera, a party of over 80 people, counting singers, musicians and technicians, began its tour of Austria and Yugoslavia at Villach, with two performances included in the Carinthian Summer Festival. Villach, a spa and holiday centre on the river Drau, provides the hall for symphony concerts and opera, but the heart of the festival lies in nearby Ossiach, where six summers ago Wilhelm Backhaus gave an inaugural recital in the monastery church. The monastery itself is now a hotel, but the church, idyllically set on the shore of the Ossiacher See, with Romanesque foundations, a late Gothic building and ornate Baroque decorations inside served as the only concert hall for the growing festival until 1972, when the newly-built Kongresshaus at Villach came into use for large-scale events. This year, during July and August, a total of nearly 50 recitals, concerts, lectures, seminars and operas are shared between Ossiach and Villach. Opera is a relative newcomer to the Carinthian Summer, though "music theatre" represents the attempt of Professor Helmut Wohlsch, the artistic director (who also plays the trumpet in the Vienna Philharmonic), to discover an original theme for the festival. The Prodigal Son, Britten's third parable for church performance, was given its Austrian premiere at Ossiach this summer, in a German version that seems to have been more overtly theatrical than the English Opera Group's sober production. Phoenix's first contribution to the festival was a double bill: Purcell's *Dido and Aeneas*, preceded by J. F. Lampe's one-act comic opera *Pyramus* and *Thïsbe*. The anonymous author of the text to *Pyramus* and *Thïsbe* has borrowed the entertainment given by Bottom and Co. before Duke Thebes from *A Midsummer Night's Dream*, and mingling Shakespeare's words with his own, has provided an amusing little skit on 18th-century operatic manners and

conventions, which received its first performance at Covent Garden in 1745. Lampe, a friend and colleague of Handel, was born in Saxony, but like his illustrious compatriot, spent most of his working life in the British Isles. With such a work, everything depends on the production. Tom Hawkes, the producer, has trimmed the spoken dialogue, re-inventing as many of Shakespeare's lines as possible, and directs his cast to move and gesture with rococo extravagance. The rather bleak interior of the Kongresshaus and a paucity of scenery are challenges to the designer, Shirley Reid, whose imaginative costumes create a fine illusion of splendour and fantasy that positively aids the singers to act their roles convincingly. Bonaventura Bottone, a tenor Pyramus resplendent in golden breast-plate and crimson skirt, is a case in point: the lack of self-consciousness and the air of enjoyment with which he mimes round the stage add greatly to the effectiveness of his performance, while he manages Pyramus's mock-heroic music with equal facility.

Jessica Cash, a soprano Thïsbe, has to combat the echoes—in British ears—of Britten's riotous send-up of a later kind of operatic death-scene in *A Midsummer Night's Dream*. John Strange is a sympathetic Wall and Kenneth Francis an endearing lion whose roar, to coin a phrase, is worse than his rage, while Keith Davis, a counter-tenor Moana, sings his one aria most sweetly. The piece is scored for strings, oboes and bassoon (Lampe was a bassoonist), and Ian Reid conducts the English Bach Festival Orchestra with an appropriately sparkling touch.

The first notes of *Dido and Aeneas* transport the listener to quite another planet, so powerful is the impact of Purcell's score so deep the emotional profundity of his music. The staging of the opera is always a problem, but simple productions of it usually seem to come off



Julie Bargh, Mark Tandy and Simon Shepherd in the National Youth Theatre's production of a new play, "The Lord of Misrule," which opened last night at the Shaw Theatre.

There's one smooth mellow Scotch Whisky with a fine pedigree.



MAN'S BEST FRIEND.

OVERSEAS NEWS

Australians urged to curb inflation

BY ROBERT MAUTHNER

PARIS, August 18

PRIORITY needs to be given to controlling inflation in Australia in spite of the fact that the economy is recovering, according to a survey of the Australian economy published by the OECD Secretariat today, on the eve of the Australian Budget.

Australia, the report says, is faced at present with one of the highest rates of inflation of any OECD member country, following wage settlements in 1974 and the early part of this year of something like 24 per cent. It recognises that, in spite of highly expansionary fiscal and monetary policies, the prospects are for slow growth of demand and activity throughout 1975 with little improvement in employment. But, it nevertheless warns that there would be a serious risk of an acceleration of inflation if these policies continued to be pursued.

If such a boost to inflation should occur, the task of reducing the high level of unemployment could well become much more difficult and, for this reason alone, priority should be given to fighting inflation.

After emphasising that there is clearly little scope for attempting to combat wage inflation through squeezing company profitability as a way of strengthening employers' resistance to high wage claims, the OECD Secretariat points out that the reduction of inflation depends largely on public acceptance for the need of wage and price restraint.

New bid to end Angola fighting

LUANDA, August 18

PORTUGUESE army officers to-day attempted to arrange a truce to halt fierce fighting between rival African nationalists locked in battle for control of this colony's chief port, Lobito.

Military sources in Luanda said there was a lull in the battle for Lobito after civilians fled the town and ships scattered from the harbour, 370 miles south of here.

The Popular Movement for the Liberation of Angola (MPLA), in command of Luanda after driving out two rival nationalist factions, said its forces still dominated Lobito after a four-day battle.

Portuguese military sources said there was sporadic gun and mortar fire from opposing forces of the National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA).

According to the latest Portuguese military and MPLA communiqués, the MPLA holds most of the areas inland east of the capital while UNITA holds vast areas of the heavily populated, south-eastern highlands.

In Luanda, MPLA sources said demands from both its rivals for the return of the High Commissioner, Gen. Silva Cardoso, now in Lisbon, would not be met and the general, widely respected for his neutrality when dealing with the three parties, would remain in Portugal.

COMMUNIST FORCES IN LAOS

On the brink of a takeover

BY KEVIN RAFFERTY, RECENTLY IN VIENTIANE

FOR THE past few weeks Laos has been abuzz with rumours that an interim arrangement and new central control will be sorted out soon.

At the centre of the government is still there but it is a fiction. Even with the fleeing of the former right-wing Defence Minister Prince Sisouk and other ministers to Thailand, the communist takeover of the whole country is a matter of time. The balance of power altered for good. The crucial point was when the Vientiane side's army was placed under the command of the Pathet Lao deputy defence minister.

The army and the various ministries are being reorganised to the satisfaction of the Pathet Lao, with civil servants and army officers whose allegiance was to the Vientiane side being whisked off for "re-education". Those who demonstrated and protested that they had completed their schooling years ago were simply told that their re-education would take longer.

Consolidate

Acknowledge

How long the local communists will enjoy their local powers is uncertain but Prince Souphanouvong, the "red prince", and half-brother of the neutralist Prime Minister Prince Souvanna Phouma, has told

people privately that it is merely an interim arrangement and new central control will be sorted out soon. At the centre of the government is still there but it is a fiction. Even with the fleeing of the former right-wing Defence Minister Prince Sisouk and other ministers to Thailand, the communist takeover of the whole country is a matter of time. The balance of power altered for good. The crucial point was when the Vientiane side's army was placed under the command of the Pathet Lao deputy defence minister.

Undoubtedly this factor has weakened the administration now run by the Pathet Lao and it may be one reason for the hard time which the Americans feel they are having in Vientiane. Some observers think it will not be necessary for the Communists to throw the Americans out.

They are in such a huff that they may well say "if you don't want to play the game properly we will take our marbles elsewhere". said one non-diplomatic observer.

Many of those who are not Americans think that Washington is being unduly harsh and forgetful, unable to remember the damage that the carpet bombing of the Plain of Jars—denied for so long—did to the people of Laos. It is obviously easier and more convenient for Washington to forget than for the people of Laos. The Pathet Lao seem determined that Washington must do penance for the bombing and provide aid to reconstruct the country as agreed in the Paris peace accords. The U.S. view seems to be that the Paris accords have

been killed and buried by the Communists.

Quite a few westerners if not diplomats think that Washington is behaving shortsightedly. As one commentator put it to me "Washington could keep an embassy here and a foothold in Indochina for peanuts, certainly compared to what it will have to shell out if it shuts up here and then tries to get into Hanoi. The North Vietnamese will not let them off lightly." The hope of setting desperately needed economic aid may be one reason why the Pathet Lao have withheld their "final acts".

Nationalist

Another reason for preserving the fiction of the tandem government may be the very real nationalist sentiments of many of the Pathet Lao leaders and an unwillingness to be totally beholden to Hanoi or to take sides in big power Sino-Soviet disputes.

The Communists will tell you that they are dedicated to Laos by all the pinpricks that the Pathet Lao have undoubtedly inflicted upon them—like stealing their cars and parading round Vientiane in them and sitting on commissary goods worth \$125,000; the American mood seems to be to sulk home if the ing swing towards Hanoi, having Pathet Lao do not behave in a more gentlemanly fashion. But Laos without aid would be driven further into the stronger Communist arms and even then it would have a hard time of it.

Pinpricks

In the face of all this the Americans seem more impressed by all the pinpricks that the Pathet Lao have undoubtedly inflicted upon them—like stealing their cars and parading round Vientiane in them and sitting on commissary goods worth \$125,000; the American mood seems to be to sulk home if the ing swing towards Hanoi, having Pathet Lao do not behave in a more gentlemanly fashion. But Laos without aid would be driven further into the stronger Communist arms and even then it would have a hard time of it.

S. African police to reinforce Namibia

BY JOHN STEWART

CAPE TOWN, August 18

SOUTH AFRICAN police reinforcements have been flown to Namibia as a precaution against possible unrest following the week-end murder of the Chief Minister of the Ovambo legislative assembly, Chief Filimon Elifas.

Announcing this to-day, the Minister of Police, Mr. Jimmy Kruger, said units had been sent to Windhoek and to Otjomuise, in Ovambo, where they would strengthen the team of investigators which has been combing the territory since Saturday night in search of Chief Elifas' assassins.

The chief was hit by automatic fire as he emerged from a hotel near Odangwa where he had been having drinks with friends. His 22-year-old nephew, Paulus Elifas, was also hit and is in a critical condition in hospital. The assassins are reported to have sped from the scene in a car under cover of darkness.

The situation in Ovambo, and in the principal urban areas where there are large concentrations of Ovambo migrant workers, is reportedly calm and the administration of Ovambo has been taken over by a member of Elifas' Cabinet, Pastor Cornelius N'Joba, who

will act as Chief Minister until August 26 when a successor will be elected by the full 77-member legislative assembly.

Mr. N'Joba said in a statement to-day the assassination of Chief Elifas would not endanger the political development of Ovambo. It would rather strengthen the resolve of the Government to eliminate those people who sought to further the Ovambo's war and destruction. He guaranteed the security of the people of Ovambo and said that law and order would be maintained, no matter what the cost and regardless of personalities involved.

These sentiments echoed those of the South African Prime Minister, Mr. John Vorster, who said in a statement from Montefiore, where he is on a private visit, that everything would be done to track down those responsible for "this dastardly and Satanic act," and if it appeared from investigations that it was the work of an "undermining organisation" to wreck the forthcoming Namibian constitutional conference on September 1, action would be taken without regard to the consequences.

Egypt berates Libya

BY MICHAEL TINGAY

CAIRO, August 18

WITH PRESIDENT Sadat facing criticism prior to Secretary of State Henry Kissinger's new diplomatic shuttle, Egypt has taken a massive sideswipe at Libya in the Press following the reported coup attempt against Colonel Khedafi.

News of the attempt by two Revolutionary Command Council members, Omar el Mahelbi and Bashir Hawawdi, is difficult to verify but, whatever the truth about events in Libya last week, the Egyptian Press is clearly being encouraged to make the most of it.

To-day's issue of Al Gomhouriya, reporting the appointment of a Libyan air force commander, Gen. el Kadeifi, spoke of an army purge, four deaths following an explosion near Tripoli and a state of unrest. The line being followed in the Press depicts a Libya whose regime is as unstable as its leader.

Egypt has been increasingly infuriated by what it sees as come.

Libya's irrational and irresponsible attempts to feed the fires of the Rejection Front camp with grants and cash. Not least among these has been the financing of the most extreme elements of the Palestinian guerrilla movement.

There is a large body of Palestinians who expect to be left out in the cold by Mr. Sadat. Sources here believe that Mr. Sadat is ready for a deterioration of relations with the PLO in "preparation to face the worst in Palestinian reaction."

Observers believe that Mr. Sadat, worried by what would happen to the economic reconstruction at home should the second stage withdrawal not be achieved, is negotiating with the greatest flexibility, determined to get the interim agreement this time.

Observers believe this swinging Press attack on Col. Khedafi should be seen in the context of anticipation of criticism yet to come.

More yen financing call

TOKYO, August 18

JAPAN SHOULD use more yen in financing foreign trade to reduce dependence upon short-term U.S. dollar funds, according to Masao Fujioka, director-general of the international finance bureau of the Finance Ministry.

He told the weekly Kinryu Zasshi Jijo this was necessary to avoid repetition of a liquidity crisis Japanese banks experienced in July and August last year.

Mr. Fujioka estimated gross short-term external liabilities of Japanese banks at \$300m., of which two thirds were borrowed from the Euro-dollar pool and one third from U.S. banks.

The main reasons for such heavy borrowings were Japan's dependence on dollars for foreign trade financing and Japanese banks' needs for short-term funds rolled over to back up medium and long-term loans. Japanese banks supplied overseas a few years ago, he said.

He said the banks' present short-term external borrowings were likely to increase to \$400m., unless part of the dollar finance

Bank of Japan officials said a shift towards the use of more yen in financing Japanese trade would be considered as normal working of market mechanism so long as the volume involved does not become excessive.

They were commenting on a report by the financial daily Nihon Keizai of fears that a decline in Japanese interest rates and a rise in the banker's acceptance rate in New York might lead to such a shift, causing a drain upon Japan's external reserves and a fall in the value of the yen.

The bank to-day sold an estimated \$100m. on the Tokyo foreign exchange market to defend the value of the yen at 238.00 to the U.S. dollar, local banking sources said. The U.S. dollar had been just below 238.00 for the past two weeks. To-day's demand for dollars came mostly from increased needs for import settlement, but there was also some speculation by traders who believed that the yen might weaken further, the sources said.

How industry can profit from electricity

Dry air for reliable operation

Compressed air is widely used in industrial processes because it is convenient, versatile and inherently safe in use. But its many advantages are often counterbalanced by the common enemy of all air systems—water—which is produced by condensation from the air after compression. It can seriously reduce the effectiveness of this form of power by causing equipment to corrode and produce flakes of rust and sludge, which eventually lead to breakdowns. There are other problems too. For example, water droplets in spray paint can spoil the finish of a product. The simple answer is to dry all compressed air at source. Several types of

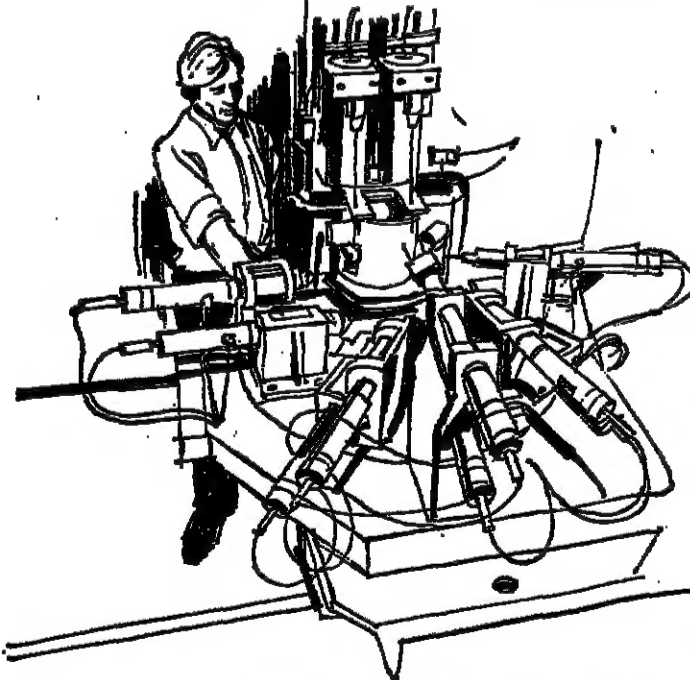
coverage of workpieces means excellent protection against corrosion in areas normally inaccessible to spraying. An entire sequence from pre-treatment to final rinsing and stoving can be automatically controlled. The water-based paints used are safe and free from volatile fumes, so no special fire precautions are needed and operators do not need masks. The paint goes only on the workpiece, is conserved by automatic thickness limiting and can be recovered from the rinse with appropriate equipment. Electropainting can increase output and cut product handling and finishing costs.

Direct resistance heating for material savings

When metal is furnace-treated, losses in material can occur through oxidation, decarburisation or scaling. With electric direct resistance heating these losses are negligible whereas with alternative forms of furnace heating they can be significant. In these cases, it is important to consider, too, the energy used to heat the lost metal. Electric direct resistance heating not

Fast, clean plasma cutting reduces costs

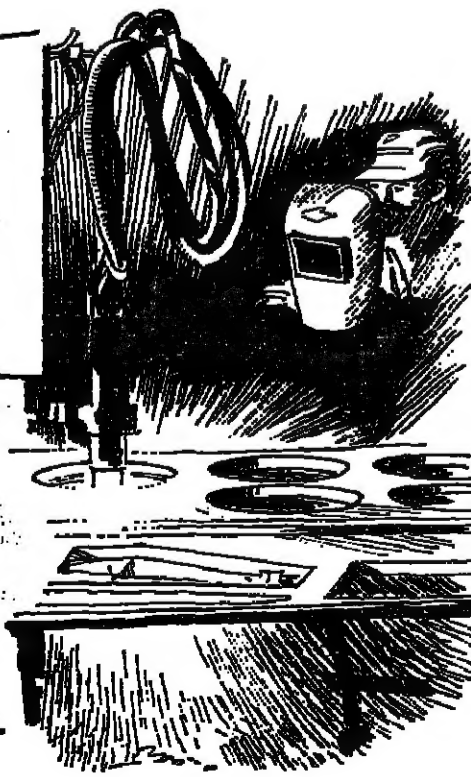
An electric plasma torch can cut any metal quickly, accurately and cleanly, and brings new ways of saving production costs. The torch uses a jet of ionised gas (plasma) at very high temperature and velocity. Cutting speeds can be three times faster than with conventional torches and cut quality and finish are superior. The equipment is compact, self-contained and easy to operate in any situation.



electrical drying systems are available, and the final choice depends on the application. The cost of a dryer is low compared with that of the whole system, and it will soon pay for itself in reduced maintenance and repair costs, fewer production stoppages and less spoilage of products.

Precision painting with electropainting

Electropainting coats metal with the same effectiveness as electroplating. Paint is applied to metal surfaces by electrodeposition, which gives a high degree of precision to coating thickness. The most difficult or complex shapes are coated evenly—and complete



only saves metal but, in many production situations, the overall energy costs per tonne are lower than for other heating methods. In addition, it offers a high standard of cleanliness, more precise temperature control than any other method of applying heat and unmatched flexibility of production.

Identifying the opportunities

Modern electrical methods are increasing productivity and reducing operating costs. The Industrial Sales Engineer at your Electricity Board can tell you about the electrical techniques available today, and put you in touch with manufacturers of suitable equipment. His experience in a wide range of different trades and industries could help you identify opportunities for increased efficiency and profitability in your business.

Electricity does industry a power of good



The Electricity Council, England and Wales.

EUROPEAN NEWS

Goncalves starts campaign to beat off opposition

BY OUR FOREIGN STAFF

THE PORTUGUESE Prime Minister, General Vasco Goncalves, last night launched a campaign against growing pressure on him to resign amid indications that the split in the ruling tripartite is widening.

The pro-Communist general, pressing ahead with his recent appeal for popular support to help him overcome his opponents within the Armed Forces, chose relatively safe ground when he announced that he would address a meeting of Left-wing neighbourhood committees in a working class suburb of Lisbon tonight.

When Senhor Alvaro Cunhal, secretary general of the Portuguese Communist party, tried to go on the offensive against a growing tide of anti-Communist demonstrations in the rural north of the country—by holding a small town rally north of Lisbon on Saturday night—he had to be rescued by troops.

The present government's ability to maintain stability was further challenged when wide-spread anti-Communist rioting continued in the town of Angra do Heroísmo on Terceira, the second largest of the islands.

The farmers had earlier sacked the local offices of the Popular Democratic Movement (MDP), a close ally of the Communists. MDP members were inside at the time.

The riots came only a few days

after the Portuguese cabinet had granted the 10 islands a measure of administrative autonomy and voted large funds to appease local discontent.

The violence erupted after about 10,000 farmers marched through the centre of Angra last night to demand that three Communist leaders be put on the first plane to Lisbon and that Communists be purged from their local farming cooperative.

The Communist party won only two per cent of the vote in the Azores in last April's general election.

General Goncalves told the nation last Saturday that his Government was unable to function because of lack of unity in the ruling Movement of the Armed Forces and the triumvirate, which consists of the Premier, President Costa Gomes and General Otelo Saraiva de Carvalho, head of the Copcon internal security forces.

Pro-Goncalves military sources said the Prime Minister's meeting to-night with street committees continued in the town of Angra do Heroísmo on Terceira, the second largest of the islands.

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THE RUSSIAN LANGUAGE

Spreading the words

BY DAVID LASCELES, EAST EUROPE CORRESPONDENT

CHILDREN FROM 30 countries gathered in Moscow last month for an event officially entitled an "Olympiad". But this was no sporting occasion. The youngsters were there to compete against each other on their knowledge of Russian literature and language—especially, the Tass report said, of idioms.

Events like this are now a common feature of the Russians' drive to get their language more widely used outside the Soviet Union, particularly in the developing world and Communist countries. But with Russian trailing fifth in the world popularity league (sixth if Chinese is included) and handicapped by a unique alphabet and the reputation of being hard to learn, its sponsors admit a big task lies ahead.

Mastermind of the drive is the Russian Language Institute in Moscow which oversees the teaching of Russian abroad and plots the language's progress. According to its latest count, nearly one person in seven in the world has at least a smattering of Russian. But other Soviet publishing houses like Progress and the Foreign Languages Publishing House have been putting out material for years.

Russian's great drawback in competing for worldwide usage is its comparative lateness in entering the lists. With English, French, German and Spanish so very widespread and sharing a common alphabet, Russian's chances are greatly diminished.

The Middle East's growing importance has also made Arabic a strong contender for a favour of both students and businessmen.

In addition, Russian does not hold the key to international understanding in either commerce, science or diplomacy, reducing its usefulness to conversing with Russians (something few westerners do, despite the fact that many Russian students are made to learn English as their first foreign

language would rather learn of learning Russian for its own sake.

Only a pessimist learns Russian. It is probably as absurd a statement as the Russian claim backwards and every second that people learn the language "because Lenin spoke it". But Da, Nyet and Tovarich few casual visitors to engage in conversation.

Like B, H and P (V, N and R respectively). A knowledge of Greek helps: the two languages share 20 letters.

It is also a very difficult language to practice. There are no Russian "au pairs" or casual visitors to engage in conversation.

«СОЮЗ»-«АПОЛЛОН»

ЕСТЬ СТЫКОВКА!

СООБЩЕНИЕ ТАСС

17 июля 1975 года в 19 часов 42 минут по московскому времени успешно осуществлена стыковка советского космического корабля «Союз-19» и американского корабля «Аполлон». Впервые в истории космонавтики в совместном полете одновременно принимают участие исследователи космоса двух стран: советские космонавты — Алексей Леонов и Валерий Кубасов и американские — Томас Стаффорд, Эйс Браун и Дональд Слейтон.

They've linked up, said the Izvestiya headline on the Soyuz-Apollo joint mission, which also tested the value of English and Russian as scientific languages.

language, or English, German and French, often for political reasons.

A measure of a language's strength is its resistance to infiltration. In this respect Russian has not proved as robust as English, though its performance is no worse than French.

The recent Apollo-Soyuz joint space mission showed that while the mission was essentially bilingual, Russian technical language drew heavily on foreign words. Reports spoke of the "equipment" of the "orbital" capsule containing the "cosmonaut" conducting "technical experiments".

The mission also had a "start" and a "finish". By contrast, about the only Russian word that has been absorbed into the English technical vocabulary is "robot", a corruption of the Russian word for work.

But if Russian has its limitations as a world language, this fact has been realistically confronted by the Soviet authorities who go to great lengths to teach their people foreign languages.

Eight languages are taught regularly in Soviet schools, principally English, and the standards attained are often astonishingly high. Visitors to the Soviet Union are frequently astounded at their guides' command of foreign languages. In fact, Russians tend to show an interest in languages which contradicts the suspicion of things foreign that looms so large in the Russian temperament.

In 30 minutes' conversation with one such guide, who had been detailed to accompany me round interviews in Moscow, I noted him use the following phrases: "Let's bowl along to the ministry and get it straight from the horse's mouth," "he came like a bolt from the blue," "the best minds in the country are working on it," "they're no more than rascals," and "bawling." "If I was in your shoes we'd be in the same boat."

Not, perhaps, how an Englishman would have put it, but the man had never been out of Russia and told me proudly that he swotted his idioms daily.

But for reasons rooted in politics as much as national pride the Russians want their own language to reflect their own world, and to be used, especially since the field is dominated by the language of the principal opponent. In fact one of the provisions of the Helsinki Final Act that the Russians have said they hope to see swiftly applied is the one on education and the spread of languages.

But though many intra-Soviet bloc dealings take place in Russian, most of the smaller countries prefer to deal with outsiders either in their own

variation, and many native-born Russian teachers are emigres who give a political slant to their discussion. Even in Russia, it is not always easy to strike up conversation with the locals, and reading official publications only warps one's knowledge with Pravda-ese, a very different language.

But a knowledge of Russian gives one a good spin-off in the Slav countries of Eastern Europe. Russian speakers with some imagination have little difficulty grasping the general drift of Polish, Czech, Slovak, Bulgarian, Serbian, Croatian, Macedonian and Slovenian. Even Hungarian and Romanian, both completely distinct languages, have absorbed Russian words.

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Change of Spanish PM forecast

MADRID, August 18.

SPAIN'S King-designate, Prince Juan Carlos, interrupted his holiday to-day for an unscheduled visit to Head of State General Francisco Franco, increasing speculation here over a possible change of Prime Minister.

The Prince flew from Palma de Mallorca, in the Mediterranean, to Coruna, where General Franco spends his summer holidays.

It was the first time he had interrupted his holiday to visit the Head of State since General Franco chose him as successor in 1969.

According to Press speculation here, Premier Carlos Arias Navarro's position has come under threat because he did not meet General Franco immediately after attending the European Security Conference in Helsinki at the end of July. The Prime Minister did not see the Head of State until last Wednesday, when they held a working lunch at General Franco's summer residence, the Pazo de Meirás.

While the Prime Minister was attending the Helsinki conference, General Franco extended the life of the present Cortes (Parliament) for four months in a move that was interpreted as a defeat for Sr. Arias. The Cortes, which had been due for dissolution in October, is dominated by extreme Right-wingers who oppose Sr. Arias' avowed policy of gradual liberalisation.

UPI adds: A Right-wing crowd of about 2,000, among them many policemen, demonstrated against the Government to-day chanting "power to the Army". The demonstrators gathered at the headquarters of the paramilitary Guardia Civil police force where three Cabinet Ministers and top Army and police commanders attended a funeral mass for a police lieutenant killed by Marxist guerrillas in a Madrid street.

AS MILLIONS of Italians and foreign holidaymakers prepare to make their return journeys home, wild-cat strikes by small independent railway and airline unions have created chaos on the rail and airline systems.

In both cases the strikes have come in for unprecedentedly harsh criticism by the Italian Communist Party newspaper L'Unita and the three major trade union confederations in what represents a major new attempt to bring the power of the labour movement to bear.

With regards to the rail strike, carried out by a small number of key technical personnel at important railway junctions in Rome, Naples and Palermo, L'Unita said that the strikes were the work of Fascist elements and small groups seeking to improve their own conditions at the expense both of the union movement as a whole and the mass of workers, often returning to jobs abroad.

Travelling at peak times on the Italian rail system is at the point of times a fairly gruelling experience, with trains creeping along under an unrelenting sun like a Churchill once said of the allied armies in Italy. "A bug up the Italian boot."

The cumulative effect of the strike actions is to turn such journeys into nightmares. It is a situation which has already had tragic results. In the early hours of this morning three tired and angry middle-aged women fought for the last seat on a train delayed Rome to Milan night train. The combination of heat, emotion and exhaustion proved too much, and one of the three women collapsed and died.

The situation is no better at the airports, where the independent pilots union Anac, representing more than three-quarters of Italy's 2,000 airline pilots,

and who support moves for a joint labour contract for all airline workers managed to keep a skeleton service functioning. But the wild-cat nature of the present strike is such as to make arrivals and departures even more precarious than before and to create the maximum discomfort at the peak of the holiday season with an incalculable effect on Italy's tourist trade.

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But in these virtues lie the very difficulties that have put off many would-be speakers. Nouns are highly inflected like Latin, verbs have a bewildering variety of forms, and there are no firm rules about stress, creating extra difficulties because some words change their sound if unstressed. To cap it all there is the alphabet. This contains 33 letters, many of them compound, though in Tatar times it contained even more. Eight letters are exactly the same as the smaller Roman alphabet, but a further nine are confusingly different.

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Then there is the satisfaction of what many Russian speakers argue is the world's richest and most beautiful language. They claim it combines the noun flexibility of German with the verbal subtlety of English and the precision of French. It is also very easy on the ear and, once mastered, rich in rhythm and intonation.

But in these virtues lie the very difficulties that have put off many would-be speakers. Nouns are highly inflected like Latin, verbs have a bewildering variety of forms, and there are no firm rules about stress, creating extra difficulties because some words change their sound if unstressed. To cap it all there is the alphabet. This contains 33 letters, many of them compound, though in Tatar times it contained even more. Eight letters are exactly the same as the smaller Roman alphabet, but a further nine are confusingly different.

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HOME NEWS

House prices climb—and likely to go higher

BY MICHAEL CASSELL

HOUSE PRICES continued their steady rise during the second quarter of this year and further increases seem likely throughout the remainder of 1975.

Figures from the Department of the Environment, produced with the help of the Building Societies Association, show that for new housing on which mortgage advances were approved in the second quarter of this year, average prices rose by 4.5 per cent over the previous three months. In the first quarter of 1975, prices rose by around 3 per cent.

For last year as a whole, house prices generally rose by about 6 per cent overall, about half the increase recorded in 1973.

In some parts of the market, however, prices fell heavily or at best remained stable.

The department's figures confirm that, with sales picking up again, prices, too, are beginning to move after a prolonged period of inactivity. The upturn is partially due to the large volumes of housing finance now available, as well as the fact that big wage increases are quickly bringing incomes back into the kind of relationship with prices which prevailed before the 1973 price explosion.

Houses in the lower to middle price range are now moving more quickly than at any time in the past 18 months to two years and further price increases throughout the remainder of this year can be expected.

There are few indications that prices will move ahead at any rate approaching a dramatic rate, but both the building societies and the Government will nevertheless be keeping a close watch to ensure that things do not get out of hand.

The societies are particularly anxious to balance the need for encouraging more house-building against the inflationary problems which could arise if mortgage money became too freely available. There are now signs that house builders are becoming more confident and some are stepping up building programmes from the very poor levels which have recently prevailed.

But increased activity now will not result in completed houses for some considerable time and, in the meantime, with existing houses quickly going off the market, there could be a real risk of too much money chasing too few houses.

Although the societies will play a major part in damping down prices, substantial increases made in line with prevailing increases throughout the economy can be expected. Building costs have risen sharply and these will eventually have to be reflected in prices.

The department also reports that for sales actually completed in the second quarter, second hand prices rose by about 8 per cent over the first three months of 1975.

For all housing, the average

advance rose 5 per cent, to £7,180, or 61.7 per cent of the average purchase price of £11,580. The average recorded income of borrowers was about £3,910, or 7 per cent more than in the previous three months.

Previous owner occupiers paid an average £13,510 while new owner occupiers paid £9,460. Of all advances completed in the quarter, just over 90 per cent went to first-time buyers compared with 47 per cent in the preceding quarter.

Assets

Assets of the Halifax Building Society, the largest in Britain, increased by £34.1m. to £1,020m. in the six months ending on July 31.

During the same period, the society advanced £438.7m. against £241.2m. in the preceding six months. Of total loans made, 30 per cent were to people aged 35 or under and advances on newly built houses accounted for 18 per cent of the total. By the end of July, advances offered but not yet completed, amounted to £221.13m.

Gross receipts from investors in the first half of the society's year were £268m. while drawings amounted to £561.6m., leaving a net inflow of £415.68m. Liquid funds at the end of July amounted to 18.5 per cent of total assets compared with 17.9 per cent at the end of the previous six month period.

Cyril Smith attacks 'Goebbels-type' campaign by Wilson

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE ANTI-INFLATION campaign to be launched in a television broadcast to-morrow by Mr. Harold Wilson, the Prime Minister, was "tantamount to a Goebbels-type propaganda campaign," Mr. Cyril Smith, the Liberal chief whip, claimed last night.

He challenged Mr. Wilson to say who had authorised the expenditure of £2m. of taxpayers' money—Parliament certainly had not.

Mr. Smith said that he was sure that public money will not be used to the benefit of propagating his party's policy at the expense of the nation's.

Mr. Smith's outburst in a speech in Ottawa, will be a minor embarrassment to Mr. Wilson as he prepares for the TV broadcast which he considers of key importance. The Prime Minister's party is to support the campaign from every sector of the community.

An attack from Mr. Smith, however, need not necessarily reflect the Liberal Party's official policy. He frequently makes outlandish comments that are not always acceptable to his colleagues.

The Government's campaign, devised by the special publicity unit set up by Mr. Wilson, will include newspaper advertise-

ments highlighting the dangers of inflation, and next week every household in the country will receive a leaflet expanding the message of the advertisements and of the Premier's broadcast.

Mr. Smith claimed his party fought the last election on the same message as Mr. Wilson will deliver to-morrow—that inflation is the greatest danger of the age and must be stopped.

Hypocrisy

But it was "such fantastic hypocrisy" that in the election last October, Mr. Wilson's Government had "deliberately added" the retail price index so that the Prime Minister could claim that inflation was 8 per cent.

The Chancellor of the Exchequer had even called for a "deliberate" war when they claimed that the reality was nearer 20 per cent.

Mr. Smith argued that even the latest U-turn by Labour left the nation still saddled with totally partisan policies and a wholly unrepresentative Government. Now the nation was being asked to pull together, take a cut in its standard of living, and support the Government that in large measure had caused the inflation.

Wool textile chief hits at trade mark delays

BY RHYS DAVID

THE CALL by Mr. Peter Shore, Secretary for Trade, for consumers to "buy British" is being thwarted by the Government's reluctance to implement its own trade mark regulations.

Mr. David Price, director of the Bradford-based Wool Textile Delegation, claimed yesterday that although the requirement to mark foreign goods was removed in 1968 under the Trade Descriptions Act, a later piece of legislation partially reversed this.

The Trade Descriptions Act 1973 re-introduced the requirement to include an origin mark where goods were being sold with a British-sounding name, a common practice with many textile imports.

According to Mr. Price, importers have been flouting this legislation by not printing the country of origin or by printing it inconspicuously.

The latest Act has not been included in a review of trade descriptions legislation recently carried out by the Director General of Fair Trading and the subject of a recently published consultative document, he points out.

Mr. Price claims the absence of marks of origin, far from working in favour of the consumer as had been hoped by the Molony committee, whose advice was followed in the 1968 Act, had decided it was not a real consumer concern to permit the purchaser to discriminate against imported goods on political, patriotic or personal grounds.

Instead of the supposed consumer advantages, however, goods were being passed off with British names and at exceptionally high rates of profit for importers and retailers, he states.

The Board of Trade was given powers under the 1968 Act to make orders for the marking of imported goods and it seems clear that suitable orders could be made which comply with our GATT and EEC obligations.

Although there have been declines on the grounds that it was not necessary or expedient in the interests of the persons to whom any goods are supplied, it would seem the Department of Trade is unwilling to allow the consumer to practise what he preaches, Mr. Price says.

Man-made fibre output falls to new low

MAN-MADE fibre production fell to a new low in June of only 47.8m. kg., a drop of 12.4 per cent on the already low May total of 54.6m. kg., according to figures published yesterday by the British Man-Made Fibres Federation.

The June total compares with output of 64.2m. kg. in June 1973, a drop of 25.8 per cent. Last year's month which was itself badly affected by the major strike in Northern Ireland.

In June this year strikes also played some part in reducing output, together with a shortage of caustic soda, but the main factor in the continuing very low level of demand from the textile trade.

In the first six months of this year total output by U.K. manufacturers has fallen by 18.2 per cent, compared with the same period last year.

The statistics show that, in many terms, new vehicle sales rose by only 16 per cent in the second quarter of 1975 compared with the same period last year.

But at the same time, turnover for used vehicles was 24 per cent higher, while other sales and receipts (petrol, oil, tyres, spares and accessories) rose by 23 per cent.

The experts of the wholesale and retail parts of the motor trade this year bears out these figures. While the manufacturers have been badly hit by falling sales of new cars, many of the distributors and dealers who have diversified into second-hand car dealing have managed to ride the slump.

switch the conference from Bombay to Zurich.

Mr. Normanston, Conservative MP for Cheshire, said the £500,000 conference scheduled for November 24-28 would have been of "immense benefit" to the Indian textile industry.

Although no official explanation had been given for refusal of a visa to the three-man Israeli delegation Mr. Normanston said he assumed that India, and especially Mrs. Gandhi, Prime Minister, had succumbed to pressure by the Arabs.

Mr. Normanston, senior vice-president of the International Federation of Cotton and Allied Textile Industries, said: "We refuse to submit to this kind of blackmail and our members, without exception, have agreed that we should

STOCKS of aluminium around the world remained at virtually the same level in June as in the previous month—the first sign for more than a year that supply and demand for the metal may be coming back into balance.

Since June last year stocks of primary aluminium have more than doubled from 1,236m. tonnes to 3,238m. tonnes as a result of the world-wide recession and its effect on big aluminium-using industries such as motor vehicles and construction.

In June, however, primary stocks rose only a further 19,000 tonnes from the May figure of 3,217m. tonnes and total stocks including scrap metal in process and mill products rose only 3,000 tonnes from 4,755m. tonnes to 4,758m. tonnes.

The latest statistics published by

Whessoe to make 450 redundant at Darlington and Teesside

BY OUR INDUSTRIAL CORRESPONDENT

WHESOE, the process plant engineering group, is to make 450 workers redundant at its Darlington and Teesside plants because of a shortage of orders.

About 300 will go during the next five months and another 150 early next year out of the total workforce of 5,000. The majority to lose their jobs will be shop floor employees in the heavy engineering division. The light engineering business will not be affected.

In May the group announced a loss of £709,000 for the first half of its current financial year, compared with a £514,000 profit for the same period 12 months ago and Lord Erroll, of Hale, the

chairman said that this was mainly due to a deficit on the heavy engineering side coupled with increased interest charges. Only the light engineering division showed satisfactory results during the first half-year.

The group said yesterday that the need for redundancies was mainly because of a work shortage but the deficit on the heavy engineering business "limits our ability to carry people through the bad patch."

Whessoe has suffered from a lack of orders from the petrochemical concerns who are among its major customers as well as the delays in ordering for the nuclear power programme. The spokesman stated, however, that the group's off-

shore business was still doing well.

The main unions concerned have been given notice about the redundancies and more detailed discussions will take place this week. Whessoe has told the unions that any adverse reaction—such as overtime bans—would only aggravate the situation and jeopardise more jobs as well as delay the group's eventual recovery.

About 40 staff and hourly-paid workers at Crane Engineering works at Ipswich are to be made redundant from the middle of September. The company said the redundancies among the 1,550 workers were necessary because of the difficult trading conditions.

Chemical industry expects fall in output of at least 5%

BY RAY DAFTER

THE CHEMICAL industry, which is still looking for signs of improved trading conditions, expects this year's output to be at least 5 per cent or 6 per cent down on 1974.

Although material suppliers are resisting the temptation to cut prices—indeed, many are planning increases—there is concern in the industry that companies may find it difficult to finance a rapid recovery when the upturn in demand eventually comes.

These are points to emerge from the latest economic bulletin published by the Chemical Industries Association, which points out that since last autumn the industry had registered one of its sharpest falls in activity.

There was no change of any major recovery in the U.K. this year; neither was there any confidence of an upturn in Europe in 1975, the report says. This is particularly serious for the U.K. as the response of the domestic economy is likely to be at least six months behind the rest of Europe.

The association feels, however, that there may be a slight recovery in exports in the final quarter, thanks to the recovery of the U.S. economy. (Half-yearly company statements in the U.S. also indicate that the chemicals, plastics and fibres sectors there have seen the bottom of the trough.)

Employment in the U.K.

chemical industry fell six successive months between October and April when it stood at 430,500, a drop of about 2 per cent. Most of the reductions were achieved through natural wastage, however, although many workers are said to be on short time.

With squeezed cash flow and profitability, companies have been forced to review their investment programmes, which were expected to total some £2.3bn. between 1975 and 1977. So far, there has been no major cuts in spending, which bears out the companies' stated intention of carrying through contra-cyclical investment to meet future demand.

Destocking

At present, however, there is plenty of spare manufacturing capacity. Several major companies have indicated that plans have been put aside to break-even point, at around 65-70 per cent of capacity.

The chemical industry registered the effects of the depressed economy later and more severely than the manufacturing sector in general. This has been pointed out by the amount of destocking undertaken by the industry's customers—the users of plastics and fibres, for instance.

The association reports that this stock adjustment process has now probably worked its way

through so that home sales are reflecting the underlying level of consumption. In the last couple of months this appears to have stabilised at around 20 to 30 per cent below last year's peak.

The fall in the destocking process may, in part, account for the British Plastics Federation's more encouraging business trends survey. The latest report, in sharp contrast to the previous gloomy survey six months ago, suggests that the recession in the plastics industry may be bottoming out.

These indications are particularly encouraging in the materials and machinery sectors, although the results of mould making are still relatively pessimistic.

Replies showed that an additional 11 per cent of companies expected their home sales to increase, compared with the previous survey. Those expecting a decline dropped by 27 per cent. On the other hand 9 per cent, fewer companies expected to approve capital expenditure up to July next year.

The federation says it is disturbing to find that 58 per cent of respondents found their prices inadequate to meet cost increases. It would appear to confirm that some companies, by their price-cutting policies, have damaged the industry as a whole, particularly when one looks at the fact that 46 per cent of the sample expected their own profit margin to decrease.

High jobless, falling inflation rate forecast

BY MICHAEL BLANDEN

A "SLOW IMPROVEMENT" is taking place in the U.K.'s economic performance. But the outlook for the next 10 years is bleak, a continued relatively high level of unemployment, together with a reduction in the rate of inflation, and there is a need for a system of "national forecasting and planning."

These conclusions are reached in a detailed study produced by the Henley Centre for Forecasting, with the support of the Berger Group. The centre, headed by Mr. James Morrell, concludes that the improvement in Britain will be more apparent in the 1980s, but that the net payments gain should exceed £5bn. a year.

Overall, North Sea oil is expected to improve the U.K.'s standard of living through a direct increase in oil output, a greatly improved payments position, lower taxes, and higher spending and faster growth in home output in total.

In the immediate future, the report argues that in order to eradicate inflation, labour legislation, lower taxes, and honour contracts is "an essential partner to limitation of money supply."

It goes on to advocate a cut in the public sector deficit involving the transfer of some public services in the social field back to the individual, the curbing of "local authority bureaucracies," and changing the structure of public owned industries so that part of the equity can be privately owned and the organisation can run on commercial lines.

"Britain in the 1980s," The Henley Centre for Forecasting, 365 pages, £60.

The report also predicts, however, that the level of inflation will gradually drop back to only 7 per cent a year in the 1980s. And it foresees that North Sea oil will have a major impact on the economy, and particularly on the balance of payments.

Taking all the implications into account, North Sea oil will improve the balance of payments on account of oil alone by £5bn. in 1980 and more than £10bn. in 1985. In addition, high levels of unemployment, together with a reduction in the rate of inflation, and there is a need for a system of "national forecasting and planning."

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Pub takings up 27% in June

BRITAIN'S PUBS are faring far better than any other sector of the catering industry at the moment. While business in the restaurants and fish and chip shops remains sluggish, the pubs have been pulling in more and more of the trade. In June of this year pub spending was up 27 per cent on the same month of 1974.

Latest figures from the Department of Industry show that overall catering business was up 5 per cent in the second quarter of this year compared with the first three months. On a comparison with a year ago (second quarter for each year) canteens were up by 17 per cent, restaurants by 14 per cent, hotels and holiday camps by 18 per cent, and pubs by 23 per cent.

More migrants to Wales

A TOTAL of 1,450 people migrated to Wales from the rest of Britain in 1970, according to a new report from the 1971 Census issued to-day.

This gain was the result of 42,490 entering Wales, but only 41,040 leaving, says the report issued by the Office of Population Censuses and Surveys. The number of immigrants to Wales from the rest of Britain was up by 16 per cent from the comparable year before the 1966 Census.

£1,000 grants to finance shop price monitoring

LOCAL AUTHORITIES are being offered central Government grants of up to £1,000 each to carry out regular checks on comparative prices in shops in their areas. This is in addition to the £1.4m. grant towards setting up local consumer advice centres, foreshadowed in the Government's White Paper on fighting inflation.

The scheme, which was outlined in a letter to local authorities at the weekend, was immediately criticised by the trade. Mr. Len Reeves-Smith, chief executive of the National Food and Drink Federation, described the exercise as "useless time-consuming and confusing."

The idea is that local authorities should monitor the prices of about 20 items in a cross-section of shops. The results of the surveys, which could be carried out by independent consumer groups in the area if the local authority itself has not the manpower to do it, would be published.

Reeves-Smith said the value of the price displays would be "minimal" where fresh food was concerned and the cost of

Three cleared in company secrets trial

IN COMPANY SECRETS TRIAL THREE MEN alleged to have tried to sell the future plans of Rank Xerox, the electronics company, to its largest competitor, were acquitted and discharged at the Old Bailey yesterday.

Leonard de Vries, 30, a clerk of Stanley Road, Wembley, was found not guilty by a jury conspiring to defraud Rank Xerox by dishonestly appropriating or disclosing copies or extracts of the company's plan for International Business Machines between September and November 1973.

The jury was unable to agree in respect of the two other men who had also been charged. They were Anthony John Read, 25, of Pittshanger Lane, Ealing, and Mervyn Henry Treloar, 38, an employment officer of Swindon Road, Wembley.

Mr. Tudor Price, prosecuting, told Judge Marnan, QC, that as this was the second jury that had been unable to agree over Read and Treloar, the Crown would not ask them to stand trial a third time and therefore asked a verdict of not guilty should be entered on their behalf. This was done by the judge, and like de Vries, they were discharged.

The first jury was unable to agree concerning all three men, last April, and after a two-week trial the second jury reached its verdict concerning de Vries after three hours 45 minutes.

New output peak at three pits

THREE PITS in Derbyshire, Nottinghamshire and Leicestershire have set productivity records, the National Coal Board announced yesterday.

At Welbeck Colliery, near Mansfield, the men turned out 15,081 tons in five days, 1,500 more than the previous best only two weeks ago.

At Bagworth Colliery in Coalville, Leicestershire, there was a record output of 23,713 tons which beat the previous best of 23,127 in December. Ireland Colliery, near Staveley, Derbyshire, produced 12,168 tons to set a new record of 85.7 cwt per man shift.

Motorists making cars last longer

MOTORISTS are hanging on to their cars longer, buying second-hand vehicles rather than new, and concentrating their spending on spares and servicing.

This is the conclusion to be drawn from Department of Industry figures issued yesterday.

The statistics show that, in many terms, new vehicle sales rose by only 16 per cent in the second quarter of 1975 compared with the same period last year.

But at the same time, turnover for used vehicles was 24 per cent higher, while other sales and receipts (petrol, oil, tyres, spares and accessories) rose by 23 per cent.

The experts of the wholesale and retail parts of the motor trade this year bears out these figures. While the manufacturers have been badly hit by falling sales of new cars, many of the distributors and dealers who have diversified into second-hand car dealing have managed to ride the slump.

'Ban public from certain Commons rooms'

FOR SECURITY reasons, an annex in June 1974 which House of Commons select committee has recommended that interview rooms below the Commons chamber should be banned to the public.

To replace the lost accommodation, the committee recommended in its report published yesterday that more rooms should be used by MPs for public meetings should be constructed in another part of the palace near Westminster Hall.

The recommendation has been made following the bomb explosion in the Westminster Hall

Scottish-built buses cut Tyne transport costs

TYNE AND WEAR Passenger Transport Executive yesterday took delivery of three Scottish-made double-decker buses at a cost of £17,000-£18,000 each, compared with £20,000 for a conventional British Leyland vehicle.

The three buses will be used later this month on routes in Newcastle but will later serve for trial periods in South Shields and Sunderland.

The 79-seaters are powered by Swedish engines, built mainly of British components, and have been designed and built by Alisa, Bus at Irvine, Ayrshire.

switch the conference from Bombay to Zurich.

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The latest statistics published by

APPOINTMENTS

Phillips & Drew Research

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LABOUR NEWS

NEWS ANALYSIS — THE PRESS

The battle of Birmingham

BY JOHN WYLES

THE ROW over the Labour Party's refusal to issue credentials for its October conference to reporters from the Birmingham Post and Mail newspaper has been continued working through a six-week official dispute has thrown the spotlight on an increasingly bitter conflict between the newspaper's management and some 250 of its journalists.

Not surprisingly, both sides were still too preoccupied yesterday with the continuing search to find a peace formula to give much thought to the wider debate over whether the actions of Mr. Percy Clark, the Labour Party's director of publicity, constitute a threat to established principles of Press freedom.

As far as the journalists are concerned, Mr. Clark's ruling on credentials is a welcome gesture of solidarity which shows that the Labour Party's heart can still be in the right place when trade union members are involved in an official dispute.

For the management, the row may not be altogether unwelcome. It leads, to behind-the-scenes pressure to the journalists to reach a quick compromise. It would also spare the Labour Party any further embarrassing headlines.

But so far compromise has been hard to find in a dispute which started as little more than a fairly routine disagreement over pay between a group of provincial journalists and their employers.

The disagreement led to unofficial industrial action by the Birmingham journalists which was followed swiftly by the dismissal of more than 200 of them. This has left both sides deeply entrenched in positions which the Advisory Conciliation and Arbitration Service is still labouring to reconcile.

The origins of the clash lie in a claim last September by the National Union of Journalists

that the Birmingham Post and Mail could continue publication through the efforts of about a dozen editorial staff comprising members of the Institute of Journalists, who are not directly involved in the dispute, some non-union members, and the editors of the two newspapers.

The continued appearance of

building still producing about 400,000 copies of the two newspapers each day.

Tempers were already seriously frayed a fortnight ago when pickets clashed with police and ten journalists were fined up to £20 for offences under the Public Order Act.

In conciliation talks last week, Mr. Clark asked Mr. Clark for the conference credentials and which received his reply that he would only issue them to NUJ members able to attend if the dispute in Birmingham was still in progress in six weeks time when the conference takes place.

By this he meant that he would be happy to see the political and industrial staffs of the two newspapers, who are based in London and made up of NUJ members, providing they maintained their policy of not writing stories during the dispute.

However, Mr. Clark has left the Labour Party open to charges of censorship and infringing Press freedom by insisting on a right to ensure that only NUJ members and no other editorial staff from the Birmingham Post and Evening Mail have the opportunity to report on the party's conference.

Moreover, he is attempting to limit distribution of the party's press handouts by releasing them only to news agencies which are agreeing to boycott Birmingham.

These decisions are being seen by Mr. Clark's critics as particularly inflammatory at a time when the Government's proposed exchange control legislation on the give prior undertakings that they would not take actions for wrongful dismissal.

Towards the end of last week it appeared that a formula might be agreed based on seeking a ruling from a QC on the legality of the dismissal notices. But this was rejected by the journalists because they were required to give prior undertakings that they would not take actions for wrongful dismissal.

The row in Birmingham has counterparts at Conservative Central Office and the Liberal Party's headquarters yesterday displayed a lofty indifference to his problems. Both insisted that their conferences were open to all "bona fide" journalists.

Damages plan for
coloured workers

BY CHRISTIAN TYLER, LABOUR STAFF

COLOURED workers who can prove racial discrimination will be able to claim damages up to £5,000 through industrial tribunals if the Government goes through with expected revisions of the Race Relations Act.

A White Paper next month is expected to suggest for victims of racial discrimination the same recourse as proposed for women workers in the Sex Discrimination Bill, which is due to be enacted by the end of this year.

Harmonisation of the two sets of law, already promised by the Home Secretary, could well lead to a big increase in the number of race complaints argued out in public.

At present the role of the Race Relations Board is more conciliatory than prosecuting. In its last year the board received 1,000 complaints — half of them employment cases — but only five reached the courts.

Of these, two were won in the county court and a third on appeal to the House of Lords. The others were lost.

Whether the change in the race laws envisaged produces more hearings or not, it will certainly be easier for individuals to act on their workplace grievances. They will be able to go direct to industrial tribunals — much as they already do for cases of unfair dismissal and the like.

At present they must first apply to the Race Board, which considers whether to take the case to county court.

The maximum damages that an industrial tribunal can award is £5,000. In non-employment discrimination cases, the county courts would continue to be the arbiters. Here there is no set limit to the damages that can be awarded.

Changes to the 1968 Race Relations Act will probably come next year, after enactment of the Sex Discrimination Bill. Other powers to be invested in an Equal Opportunities Commission under the Sex Bill are likely to be granted to the Race Relations Board, which has long complained that it lacks procedural teeth.

Motorists may be hit by
AA patrolmen's dispute

MOTORISTS whose cars break down over this week-end's summer bank holiday are likely to face a long wait to Automobile Association patrolmen, many of whom are threatening to impose sanctions in support of a pay demand.

The AA staff association, which represents about 4,000 AA staff including most of the 2,500 patrolmen, has called a vote to rule and overtime ban to begin on Friday and last through till Tuesday morning because of the management's refusal to meet a claim for a 25-a-week interim pay increase before their next January annual settlement.

In the meantime there will be further talks between the staff association and the AA, which has made the point that not only can it not afford to meet the demand — which would add more than £3m. to its annual wages bill — but that any interim increase would be in breach of the Government's pay policy.

which says there must be 12 months between settlements. A management spokesman said he proposed action was regretted, especially as the matter was to be the subject of arbitration by the Advisory Conciliation and Arbitration Service early next month.

Extra overtime at Ford plant

DAY SHIFT workers at Ford's Halewood plant in Liverpool are to work an extra hour's overtime for the next three days to help replace car body stocks lost during stoppages last week. A dispute over manning levels in the door hangers section held up production until Thursday, when management agreed to renege on a promise to give overtime will be worked by 1,300 men in the body stamping plant.

ASTMS officers call off
strike against own union

BY CHRISTIAN TYLER, LABOUR STAFF

FULL-TIME officers of the Association of Scientific, Technical and Managerial Staffs called off a two-and-a-half week strike against their union yesterday.

They went back to work after preliminary adjudication by an independent arbitrator on the case of Miss Judy Cotter whose contract had been ended after a six-month probationary period by Mr. Clive Jenkins, ASTMS general secretary.

The arbitrator, Dr. Bill McCarthy of Oxford University (who chaired the railwaymen's pay tribunal) has not yet ruled on the girl's "suitability." But he said she should be paid her normal salary of around £50 a week from the date of her dismissal, July 31, until the full Commission, which controls 3m.

according to a spokesman for the officers.

The officers themselves have lost their pay for the period of their unprecedented strike. Mr. Don Groves, the officers' spokesman, said the three-man tribunal would hear about the handling of disciplinary cases in general as well as Miss Cotter's case in order to make sure the situation did not occur again. "We have lost a lot of blood over this," he said.

Forester gains architect post

MR. DUNCAN CAMPBELL, a 38-year-old forester, has been appointed to the new post of landscape architect with the Forestry Commission, which controls 3m.

Miners strike after closure of face

BY OUR NEWCASTLE CORRESPONDENT

THE 1,300 miners at Bates Colliery at Blyth, Northumberland, went on strike yesterday after a decision by the National Coal Board to close a face which has become geologically difficult to mine.

The NCB said the face was uneconomical and had contributed towards a £1.1m. loss at

the big coastal pit in the first four months.

Mr. Bob Main, Northumberland secretary of the National Union of Mineworkers, said the decision was not so much against the decision to close the face as over the lack of proper consultation. The men fear that the closure could shorten the life of

the big coastal pit in the first four months.

The NCB denies lack of consultation and says the men's fears are unfounded. Delegates from collieries in Northumberland endorsed the decision of the NUM national executive to recommend a vote in favour of supporting the Government's £6 pay limits.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on August 15, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling

area other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (N.C.) non-commercial rate; (N.A.) not available; (A) approximate rate; (D) direct quotation available; (S) selling rate; (B) buying rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (B) bankers rate; (B) basic rate; (C) commercial rate; (C) convertible rate; (C) financial rate.

Some fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Algeria (Dinar)	136.48	Belgium (Franc)	36.36	France (Franc)	6.55
Argentina (Peso)	16.70	Bolivia (Boliviano)	1.00	Germany (Mark)	3.36
Australia (Dollar)	1.46	Brazil (Cruzado)	200.48	Ghana (Cedi)	4.48
Austria (Schilling)	13.76	Bulgaria (Lev)	1.36	Greece (Drachma)	34.06
Canada (Dollar)	0.72	Cameroon (CFA Franc)	100.48	Hong Kong (Dollar)	7.80
Chad (CFA Franc)	100.48	Canada (Dollar)	0.72	Hungary (Forint)	10.66
Colombia (Peso)	1,600.00	Chile (Peso)	80.00	India (Rupee)	47.55
Congo (CFA Franc)	100.48	China (Yuan)	1.50	Indonesia (Rupiah)	1,600.00
Cote d'Ivoire (CFA Franc)	100.48	Czechoslovakia (Czech Koruna)	16.00	Israel (Sheqel)	3.48
Cuba (Peso)	24.00	Denmark (Krone)	6.46	Italy (Lira)	203.64
Cyprus (Cypriot Pound)	2.25	Dominican Republic (Peso)	100.00	Japan (Yen)	360.00
Czechoslovakia (Czech Koruna)	16.00	Dominican Republic (Peso)	100.00	Kenya (Shilling)	120.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Korea (Won)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Laos (Kip)	200.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Lebanon (Lebanese Pound)	1.50
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Libya (Libyan Dollar)	4.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Madagascar (Malagasy Franc)	200.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Malawi (Malawi Shilling)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Malaysia (Malaysian Ringgit)	1.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Mali (Mali Franc)	200.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Mexico (Mexican Peso)	16.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Moldavia (Moldovan Leu)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Morocco (Moroccan Dirham)	20.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Mozambique (Mozambique Escudo)	200.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Nepal (Nepalese Rupee)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Netherlands (Guilder)	2.20
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Nigeria (Nigerian Naira)	120.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Poland (Zloty)	20.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Portugal (Escudo)	200.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Romania (Romanian Leu)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Saudi Arabia (Riyal)	20.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Senegal (CFA Franc)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Sierra Leone (Sierra Leone Leone)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Singapore (Singapore Dollar)	1.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Slovakia (Slovak Koruna)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Sri Lanka (Sri Lanka Rupee)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Swaziland (Swaziland Lilangeni)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Sweden (Swedish Krona)	4.60
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Switzerland (Swiss Franc)	2.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Taiwan (New Taiwan Dollar)	20.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Tanzania (Tanzanian Shilling)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Thailand (Thai Baht)	20.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Togo (CFA Franc)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Tonga (Tonga Pa'anga)	1.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Trinidad and Tobago (Trinidad Dollar)	1.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Tunisia (Tunisian Dinar)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Turkey (Turkish Lira)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Uganda (Uganda Shilling)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Uruguay (Uruguayan Peso)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Venezuela (Venezuelan Bolivar)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Yemen (Yemeni Rial)	100.00
Dominican Republic (Peso)	100.00	Dominican Republic (Peso)	100.00	Zambia (Zambian Kwacha)	100.00

● The rate of the French community in Africa formerly part of French West Africa or French Equatorial Africa is based on the official rate of 6.55 francs per pound. The rate of the French community in Africa formerly part of French West Africa or French Equatorial Africa is based on the official rate of 6.55 francs per pound. The rate of the French community in Africa formerly part of French West Africa or French Equatorial Africa is based on the official rate of 6.55 francs per pound.

(S) General rate; (T) tourist rate; (N.C.) non-commercial rate; (N.A.) not available; (A) approximate rate; (D) direct quotation available; (S) selling rate; (B) buying rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (B) bankers rate; (B) basic rate; (C) commercial rate; (C) convertible rate; (C) financial rate.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSING

Hammering becomes a more precise technique

THE ART of hammering and strengthening metal by hammering in the cold state has come a long way since the swordsmiths and armourers first practised it centuries ago.

Manual hammering, or peening, has long since given way to automatic equipment which achieves the same effect, much more efficiently, by projecting steel shot or glass beads in large quantities at high speed on to the workpiece.

Strict control of the size and condition of the peening media, the length of time the workpiece is exposed to the bombardment and many other factors have all to be taken into consideration when designing plant of this nature. What may well be considered as the most advanced design yet will be shown by Vacu-Blast at the Cranfield Air Show early in September.

It is being shown there because it is particularly suitable for processing the very critical components of aircraft—airframes, turbine blades, wing skin panels and so on—but it

can, of course, be used in any industry where inhibition or reduction of tensile stress in workpieces is important and very strict specifications have to be met.

Vacu-Blast, part of the Allied Polymer Group, has so refined its shot-peening control system that it is now possible to measure the flow of media constantly and also to ensure that at pre-determined intervals any irregularly shaped particles are extracted before they come into contact with the surface of the component.

Control

Peening intensity varies in proportion to the media feed rate and it is essential to control this. This is achieved with the aid of an electrode fitted in the blast hose and any unusual change in flow rate is indicated by coloured lights. There is also a device which counts the hours of blasting and signals when it is necessary to check the media. An important part of the

equipment is the classifier which ensures uniformity of the media by removing dust and any particles which might have a deleterious effect on the component being treated.

The classifier is quite separate from the peening unit itself and is in two parts. In one section a series of rotary sieves remove unwanted particles while in the other the media is fed on to rotating discs from which the usable spherical particles are fed into a hopper for re-use and the irregularly shaped material extracted.

The Vacu-Peener system, as it is to be called, can be used with all Vacu-Blast's shot peening machines and the company reckons that it has brought standards of control for this type of process to such a stage that it is unrivalled.

Development of the system was carried out at the company's works at Slough, Bucks. (Slough 26511), and it took form during a three-year programme of general research into shot peening techniques.

Low-cost removal of solids

A WATER sand-filter of new concept and design, the Tenten, has been developed by Simon-Hartley of Stoke-on-Trent for the removal of low concentrations of suspended solids in large volumes of water.

In tertiary treatment, for example, concentrations of 30 ppm to 50 ppm are reduced to less than 10 ppm. The Tenten eliminates problems associated with conventional filtration systems such as rotary microstrainers and stop-start batch filtering. It avoids the need to build holding tanks for water and filtrate.

Filtration is achieved by making use of natural principles to grade the filtration medium (sand) into a coarse core surrounded by finer particles. Filtration through this naturally formed bed of sand produces a large reduction in solids, even from effluents and process water which hitherto were considered unmanageable or difficult to treat.

The whole filtration and sand cleaning process is achieved automatically in an uninterrupted sequence—the sand-bed motion is continuous—and takes place

without the aid of any moving parts within the body of the Tenten filter. Pile and prototype Tenten units have been in operation for some time.

A standard range of Tenten filters is available for up to 95 cubic metre/h input capacity dependent on the type and quality of solids present in the filtering liquid.

The Tenten filter is British, designed and manufactured in Simon-Hartley's works at Stoke-on-Trent.

Simon-Engineering, P.O. Box 31, Stokeport, Cheshire SK3 0RT. (061-428 3600).

Laboratory oven

SOLID STATE control is a feature of the latest oven from Townsend and Mercer, Beddington Lane, Croydon CR9 4EG (01-884 6262).

It has a stainless steel interior measuring 21 x 15 x 14 inches, fan circulation, a maximum operating temperature of 450 deg. C and an accuracy stated to be ± 1 deg. C. The outer cabinet is of aluminium. Heating elements are Tubalov.

Operating range of the oven is between 40 and 450 deg. C, but it is specifically intended for use in the range 200 to 420 deg. C, says the maker. At maximum ventilation, 24 changes of air/m³ per hour can be obtained when volatiles or fumes are evolved.

Temperature is controlled by a bi-metal thermostat. This is set by a main knob, with a secondary knob giving a 5% reduction for final setting. The oven is rated at 24kW.

HANDLING

Pump design for low maintenance

CENTRIFUGAL pump equipment which delivers 440 litres (100 gallons) per minute to a 12-metre (40-ft) head, or 150 litres per minute (33 gallons) to a 24-metre (100-ft) head with maximum suction limited to 4.5 metres (15 ft) is intended for industrial water supply, water transfer, pressure boosting, cooling towers, and general industrial duties.

The Stuart 160 is based on a simple and rugged design and is ideal for use in applications where a minimum of maintenance is desirable. The totally enclosed fan-cooled motor is continuously rated and flange connections are fitted throughout. The standard unit is suitable for pumping liquids up to 80 degs. C (176 degs. F) though alternative seal materials are available for pumping liquids of a higher temperature or for corrosive or abrasive liquids.

Pump body and front cover are cast in close-grained iron and the machined and balanced impeller is cast in gunmetal and mounted on a brass extension of the motor spindle. A Crane Type 2 mechanical seal is fitted and flanges are to BS 4504 and equipped with four holes tapped M12 on 130 mm. PCD. The pump unit weighs 47 kg (104 lb). A 3 kW (4 hp) 415-volt, 50 Hz, three-phase motor, with a totally enclosed fan-cooled motor, to BS 2613-1970. Stuart Turner will advise on the suitability of the Type 160 for a given application and offer a range of accessories including foot switches, strainers and foot valves and strainers. The 160 is not suitable for use in applications where the total pumping head is less than 12 metres (40 feet).

Stuart Turner, Market Place, Henley-on-Thames, Oxon.

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ELECTRONICS

Fish come into sharp focus

NEW FISH finding sonar available from Redifon Telecommunications, 10, Cannon Street, EC4P 4BY, is a device which counts the hours of fishing areas to be scanned instantly and without missing any fish. It will also identify wakes of ships and underwater objects and is adjustable for varying water temperatures.

"First European fishing of the new gear has been made on 'Challenge', a 100 foot purse seiner.

Of the sector scanning type, the FSS11A covers distances up to 1,600 metres in 90 degree segments. It can be quickly panned through 360 degrees by the operator and electronically filtered from 10 degrees above horizontal to vertically straight down. Increased sensitivity over a selected range is given by stepped switching. Maximum power is 10 kW and effective interference-free reception in shallow water is available.

The retractable transducer dome can be used at speeds up to 15 knots. It is fitted with 11 transmitting transducers and 13 receiver transducers, each of which is separately and sequentially scanned. An operational feature is that only returning echos are heard. A graph recorder can be fitted to the display circuit if required.

Redifon Telecommunications, Broomhill Road, Wandsworth, London SW18 4QJ (01-874 7251).

TEXTILES

Yarn speed monitor

VERNON H. COOPER, of Billborough, Nottingham, has developed a yarn speed monitor for which the electronic and ancillary equipment has been designed and manufactured by two EMI companies, EMI Marine and EMI Electronics. Essentially, it is a quality control device for reading with great accuracy the amount of yarn fed into each feeder on a knitting machine.

It can be used with all types of knitting machines, both circular and flat and having varying rates of feed. The monitor consists of a readout unit, yarn speed and length sensor units attached to the machine above each feeder on a circular knit machine and a multiway selector box enabling any feeder to be dialled-in to check its yarn feed rate.

COMPUTING

Evaluating airport parameters

MUCH detailed planning is necessary when developing an airport. The planner is faced with a range of airfield layout schemes, passenger terminal concepts, and passenger processing, luggage handling and aircraft servicing systems. The planner must study the various processing and handling systems in relation to the different terminal concepts to arrive at a solution which represents the optimum balance between cost and operational and environmental factors.

Computer simulation techniques are vital to the success of airport systems planning and design. In order to develop comparisons of the performance of the various possible schemes.

This involves building and operating a number of models within a computer for alternative airport systems. The flow of passengers and friends, baggage and airport visitors through car

The control unit consists of a speed display dial which can be calibrated automatically to feet or metres per minute, a digital readout in feet or metres and row preset and run counters. The footage counter is tripped in by a small switching device on the machine and, to avoid the possibility of counting part of a revolution, the readout does not start until the machine has completed one revolution.

More information from EMI, 135 Blyth Road, Hayes, Middx. UB3 1BP (01-573 3885).

PACKAGING

Hot air shrinks the wrap

A HAND HELD hot air tool for heavy duty shrink wrapping has been introduced by Welwyn Tool Co., Stonehill House, Welwyn Garden City, Herts. (Welwyn 29121).

Called the Forte S, the 10 kW tool reaches temperature in one minute and blows a 100 mm wide stream of air at 650 deg. C. It is claimed to be capable of shrinking polythene over pallet loads measuring 800 x 1200 x 1200 mm in under two minutes.

Weighing 7½ lb, the tool requires a three-phase supply. It is provided with a 10 metre cable.

CONSTRUCTION

Scaffolding safety net

DESIGNED AND made to conform with British Standards and the Health and Safety at Work Act 1974, a portable safety net rig has been introduced by Bridport-Gundry, Bridport, Dorset DT6 3QU.

For assembly on the ground, it consists of an adjustable steel frame, using telescopic tubes than scaffolding, to which are attached, by ties of carabine hooks, two different types of net. The main load bearing safety net is of 1,200 lb breaking strain rayon cord with a mesh size of 4 inches. Overlaid on the main net is a lightweight fine mesh net to catch falling debris and tools.

The safety net is craned into position and locked to the floor structure by riggers wearing safety harnesses. It is adjustable for different floor thicknesses. When in position, the crane slings are detached and the net rig is folded outwards, extending the net 10 feet from the building. Any object or person falling into it can be recovered by retracting the rig arms towards the building.



The underlying skin of a British Airways aircraft is examined using Alcoprobe, an eddy current tester that examines parts of a structure overlaid by others to be successfully tested. Developed by Inspection Instruments (NDT), the unit will find structural flaws and give a precise indication of the thickness of non-ferrous metals, thus allowing loss of metal due to corrosion to be determined. Since it also measures conductivity, the instrument can also indicate areas in aluminium alloys that have been damaged by high temperature. Alcoprobe has been purchased by six foreign airlines as well as British Airways.

MATERIALS

Thixotropic powder

The Executive's World

EDITED BY JAMES ENSOR

Jay Palmer, in New York, suggests that the consequences of buying the wrong computer company serve to highlight the reasons

Why the music had to stop for Xerox

"IT WAS" the New York Times reported solemnly, "a carnival-like atmosphere." While the company's directors marched on to the dais to the tune of "California, here I come" shareholders applauded, laughed and cheered in a manner more befitting a Hollywood spectacular. The excuse for this jovial gathering was Xerox's May 1969 annual general meeting in Los Angeles when shareholders voted overwhelmingly to approve their company's latest acquisition, Scientific Data Systems, a small West Coast computer manufacturer.

The price tag of \$910m, 10m new shares at their then price of \$91, made it Xerox's largest ever acquisition. Although the price was unarguably high (equal to about 43 times earnings), the deal looked like being a good move. SDS, with its 50 per cent, four-year annual growth rate, had a reputation as a "hot stock," while every one acknowledged that a computer stake would give Xerox a building block to expand later into "the office of the future market."

Last month, however, memories of all that cheering and the subsequent arguments in favour of the deal were ringing a bit hollow when, after four years of losses, Xerox announced that it was closing down and seeking a buyer for the core of its computer activities. The SDS acquisition, shareholders were bluntly told, had been "a mistake."

"With hindsight," admitted Mr. Peter McCollough, Xerox's chief executive since 1968, "I can say we should never have purchased it."

Bitter pill

Xerox's computer stake was, of course, only a very tiny part of the massive copier empire, accounting during its very best period (1970) for no more than 5 per cent of total revenues—while at the last count exceeded \$3.5bn. All the same, the company's decision to close down the bulk of that division (it is still keeping some peripheral developments going) and admit its failure must have been an especially bitter pill.

The impact of this decision is thus magnified out of all proportion. A few months ago,

Mr. McCollough warned shareholders that "world-wide recession and inflation" together with "under-budget placement of copiers" had hit growth, and that the company "will probably be able to show little if any profit growth over 1975 as a whole." This projection was, however, ahead of the write-off which left second-quarter earnings down 95 per cent—the first drop in quarterly earnings since 1958. It seems probable that full year's earnings will be below \$200m, and \$300m, also be lower, breaking the company's 24-year record of annual earnings increases.

Such a temporary, even technical, one-off decline in earnings can hardly be described as unusual for the current economic conditions. Nevertheless, it does represent a major and possibly irretrievable step back for Xerox which, throughout the last two years of slumping stock market prices, has made much of its apparent ability to maintain growth. It is also a big blow for Mr. McCollough personally, only a year ago he stuck his neck out with a promise that Xerox would try to maintain its real growth rate, targets of 15 to 20 per cent a year, despite booming and historically unprecedented domestic U.S. inflation of over 8 per cent.

It was a brave suggestion that even at the time seemed to border on fantasy. To-day, however, it just looks ridiculous: with the company still facing production losses on its new models and with more than 2,500 employees laid off, Xerox has cut its capital expenditure budgets in line with falling rates of new machine rentals.

The SDS acquisition.

shareholders were bluntly told, had been "a mistake." "With hindsight," admitted Mr. Peter McCollough, Xerox's chief executive since 1968 (right), "I can say we should never have purchased it."



At the same time, competition is growing more intense leaving Xerox—as one Wall Street broker's report put it—"in the early stage of what could be a long, significant and possibly difficult period of transition."

While the initial growth of the 1960s (when net profits rose from \$2.6m to \$208m) came from the explosive domestic success of the "940" copier that made "Xerox" a household word, the recent advances have been overseas with foreign operations returning over the last four years a compounded earnings growth four times that seen domestically.

Though Xerox likes to play view in a tight low profile, latest growth estimates suggest that rental markets reflects the company's income (the most important single contribution to earnings) domestic U.S. market. With fall sharply this year with something between 80 and 90 per cent of all U.S. copiers

carrying the Xerox label, the company's future growth is clearly dependant on two factors—firstly, the overall market expansion and the general economic climate and secondly, the impact of growing competition.

In view of the generally depressing economic conditions, few seem to disagree with the statement by one of Xerox's competitors that the growth in the copier market is now down to no more than 10 per cent a year against 40 and even 50 per cent four years ago. In view of this, it is hardly surprising that analysts are taking a bearish view and the company is maintaining a tight low profile. Latest growth estimates suggest that rental markets reflects the company's income (the most important single contribution to earnings) domestic U.S. market. With fall sharply this year with something between 80 and 90 per cent of all U.S. copiers

compared with well over 10 per cent over the last few years.

This sharp drop obviously is allowing for some considerable pressure from new competitors. Since the 1960s (when Xerox was fortunate enough to operate in a competitive vacuum) 13 companies have moved into the domestic market, including such big names as IBM, Eastman Kodak, 3M, Litton and Sperry Remington. Even aside from any adverse effects of the Federal Trade Commission's anti-trust settlement against Xerox, these companies can clearly be expected to stop Xerox from following such profitable policies as delaying the introduction of new machines until existing ones reach full potential and structuring rental bases to maximise profits.

New machines

The FTC's final ruling on its long-standing anti-trust case a few weeks ago represented a moral but nevertheless relatively ineffectual victory for Xerox's competitors. Contrary to its original aims, the FTC did not demand divestiture of Rank-Xerox or Fuji-Xerox, the company's highly profitable overseas ventures. At the same time, the order that Xerox should make patents available to competitors is generally regarded as unimportant given the company's headstart in market domination.

But one point in the FTC ruling could prove awkward from Xerox's viewpoint. This is the proposal that Xerox be prohibited from offering package rates to large clients leasing several machines. The

importance of this ruling to price individual machines individually is that it will give competitors a chance of marketing their basic models without running into customer reluctance to give up the advantages of package rates.

It was with this new competition in mind that Xerox, over the last few years, has introduced some six new machines, ranging from the "1000" and "4500" console models to the "3100" desktop and the "7700" duplicator. But the pride of Xerox's new products are clearly two new machines which together are projected to supply the lion's share of the company's earnings in coming years—the "9200" copier, duplicator and the "6500" colour copier.

While the "6500" colour machine is a brand new development, it is the "9200" that was originally intended to go into production in 1973 to pick up slack now. But development problems and high costs (costs are estimated to be anything between \$300m, and \$600m) set everything back. The hope now is that the machine's simplicity, convenience and speed (two copies a second against seven a minute for the original "940") will open not only new markets in commercial printing but also new demand in the established corporate field.

Certainly Xerox needs something to fill a product gap which outsiders see stretching from now to the mid-1980s when the company's dream of building up an "office of the future" market could be realised. Exactly what comprises the office of the future varies according to who one is listening to. Neverthe-

less, in the most general of terms it involves supplying with equipment a highly automated office where word-processing (rather than data processing) technology replaces paper records.

Giants

The giants are already shuffling for position in the field with IBM clearly the favourite for the dominant place. While Xerox's announced strategy will be concentrated on the most common office functions and weld them into one integrated unit (information storage, terminals, printers and whatever), its plans have suffered what appears to be a major setback through the failure of its basic computer business to come up to scratch. But it would be easy to make too much of this—while a computer is essential to such a system, Xerox's existing office dominance gives it a strong base for either a joint-venture or simply a renting arrangement.

Given this, Wall Street's harsh reaction to the news of the computer closure (the shares are sharply lower in recent weeks) seems wrong on any count. Ahead of the immediate problems new machines are certain to provide some recovery while longer-term plans are not affected. Xerox's problem is that its image as a glamorous growth company has been severely dented by having to wash its dirty linen in public at a time when the rest of its business is relatively badly off. Like any idol, Xerox suffers when fans discover its feet of clay.

BUSINESS LAW

A clash is coming

BY A. H. HERMANN

THERE is a sea of difference between outlawing refusal to sell and ordering an enterprise to allocate supplies at reasonable prices. Although every businessman knows that the first, leaves a lot more space for manoeuvre than the second, the Federal Cartel Office, the EEC Commission and the European Court did not want to hear.

The difference has now been explained to them by Dr. Robert Fischer, President of the German Federal Supreme Court and Chairman of its Cartel Bench. Dealing with an appeal in the case of Polyester Raw Materials (KVR 1/74) the Supreme Court ruled that the Federal Cartel Office has no power to order that the discrimination against a customer should be remedied in a specified way, for example by supplying certain quantities of goods at defined prices.

In the spring of 1974, during the oil crisis, the Cartel Office made a brave attempt to redress the balance between the large companies with access to oil and raw materials, then in short supply, and the smaller independent enterprises, which depended on them for supplies. The Cartel Office ordered AGIP, the Italian controlled oil company, to allocate petrol evenly among its customary outlets, treating "independent" distributors in the same way as its own petrol stations. This order was based on the rule that market dominating companies should not discriminate against companies dependent on them.

The Berlin Appeal Court endorsed the view taken by the

Cartel Office, namely that in a case when it is impossible to put an end to discriminatory conduct by a prohibition, it is necessary to reach for a positive order pursuing the same aim as the prohibition. The Supreme Court in Karlsruhe disagreed. A prohibition, it reasoned, leaves the supplier the choice of alternative non-discriminatory conduct, while a positive order prescribes one of the possibilities and restricts his entrepreneurial freedom much more severely. Had the legislator intended the possibility of positive orders, he would have had to define the limits and safeguards for such a far-reaching bureaucratic intervention otherwise the law would be uncertain.

By ordering specific action where the law provides only for a prohibition, the Cartel Office transgressed its powers. In protecting competition the Cartel Office must not restrict the free market economy. Or, in the words of the Supreme Court, it is the principle of a "law-State" and the assumption that the citizen is free (unless the law provides otherwise) require that individuals as well as firms should be protected against unwarranted incursions by the Government.

Seen in the context of the German controversy concerning the powers of the Cartel Office, particularly in the field of price regulation, this restrictive interpretation of the antitrust law by the Supreme Court agrees well with the recommendations made earlier by the German Monopolies Commission when reporting on the first year of the revised competition Act, 1973.

Only a few days before this reprinting of the Cartel Office the Supreme Court confirmed the right of private parties to claim damages from those who infringed antitrust rules—and that third parties should have such right (which in the U.S. is a powerful instrument of antitrust enforcement) was another recommendation contained in the very same report of the Monopolies Commission. It appears that the Monopolies Commission gained in the Supreme Court a powerful ally in its efforts to weaken bureaucratic, and strengthen private enforcement of competition rules.

The Karlsruhe decision will cause no great pleasure in either Brussels or Luxembourg. Not so much perhaps because only the refusal to supply is concerned. When ordering the U.S. Commercial Solvents to supply specific quantities at specified prices to Zofa, an Italian pharmaceutical company, the EEC Commission and the European Court could rest on a more general formulation of the Commission's powers in Regulation 17. Where the Karlsruhe decision will bite is in the emphasis on the freedom of the citizen and the enterprise, which, being a fundamental principle of law of the member States, must be respected by the European Court, which often gives priority to the Treaty aims of integration and undistorted competition. There is no need to put ears particularly close to the ground to hear the approach of a clash between the two fundamentally different developments of judge-made law in the European Community.

Books

A Managerial Odyssey, Problems in Business and its Environment. By Arthur Elkins and Dennis W. Callaghan. Addison-Wesley Publishing Company Incorporated, Hills Place, WIR 2LR. £4.95.

The book aims to assist the business manager in the areas of social responsibility, business ethics and theories of managerial behaviour, but set as it is against a backdrop of the American environment and American law, it has only the broadest relevance to the British manager. It claims to be directed towards managerial problem solving, not sweeping generalisations, but nonetheless tends to confuse the issues for which it is trying to find conclusions by inserting irrelevant opinion around the facts.

The Conduct of Meetings. By T. P. E. Curry, R. Richard Sykes and Philip L. Heapel. Jordan and Sons. £4.50.

A guide to all types of meetings, be they public or private company, political, local government, committee or club, this should be of interest not only to those conducting meetings, but should also enable those who attend such meetings to know better what they may or may not do or discuss.

DKB'S ECONOMIC JOURNAL

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Pace of business recovery stays discouragingly slow, prompting stimulative step

While economic policy makers continue to be agonised by the dilemma of mounting pressures for stimulative measures and the mandate to control inflation, they are opting to stand on the prudent side in economic management.

After a year and half of continuous decline, industrial output turned upward in March, but its level is still nearly 30 per cent below the peak point prior to the start of the current

recession. Prices, on the other hand, are generally showing a calm trend, but there is a possibility of their rising in the months ahead.

In the meantime, the authorities are quite cautiously easing economic reins. For one thing, the Government announced on June 16 the third round of anti-recession steps, centering on step-up of public works investments and housing,

which was taken on the ground that even though business hit bottom following the two discount rate cuts and anti-recession measures, its recovery has been discouragingly weak.

Policy makers will continue to be confronted with the difficult job of reconciling the two conflicting objectives to bring inflation under control and to give a lift to the economy.

Slow recovery

In view of the trends of output, shipments and inventories, there is a consensus that business has already hit the lowest point, but it has been continuing at a depressed level. The May index of shipments, for example, recorded a sharp drop, in indication of weakness of final demands. This resulted in a slight rise in the inventory index and a substantial climb of the index of producers' inventory ratio to shipment.

The weakness of business recovery is also evident in the trend of labor market, with such indicators as the regular employment index and the effective job offer-to-applicant ratio slipping in May. Most illustrative of the weak recovery of business is the trend of personal consumption expenditures, which are believed to be the most important element to govern the course of the economy for the time being.

The gain of wages of employees over a year before kept diminishing—30.1 per cent in March, 20.1 per cent in April and 10.1 per cent in May. After seasonal adjustment, their levels over the preceding months showed a continuous drop—2.3 per cent in April and 3.6 per cent in May.

Sluggish consumption

Such a slowdown of wages, coupled with a retarded recovery of employment, is believed to have held down the increase in household income in the first half of this year.

Slump of household income has kept personal consumption depressed. One evidence is the trend of department store sales, which in May recorded a gain of only 12 per cent over the corresponding month of last year. After seasonal adjustment, they have been virtually flat since the beginning of this year.

The average Bank of Japan

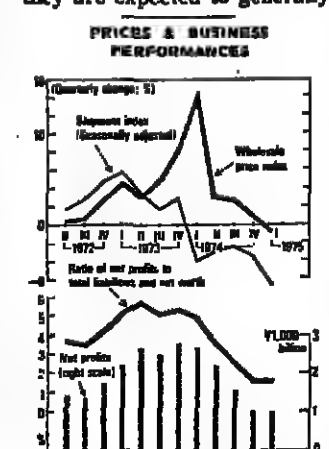
Cooled investment

Business capital investments also have been extremely cooled for a variety of reasons, such as a low operating ratio (the operating ratio index in May, 1975 at 80.1 was off 17.3 per cent from a year before), a high level of inventories, uncertainties about the future of the economy, and a slackening of exports since last February. The trends of orders for machinery and private construction orders are also continuing basically weak.

Fiscal spendings and private housing investments, on the other hand, are expected to proceed at a high level thanks to the government's measures to counter the recessionary force. Fiscal spendings during the first half of the current fiscal year will be 20-30 per cent ahead of a year before, while the recovery of new housing starts is gaining momentum, with

Calm price trends

Wholesale prices dipped 0.8 per cent in the first quarter of this year from the preceding quarter and stayed almost unchanged during the second quarter. Given the present state of supply-demand balance, they are expected to generally



maintain a sobering trend, although the possibility of their tending upward in the future cannot be entirely ruled out.

Factors for such a concern are:

- (1) There is a strong tendency toward price increases in industry.
- (2) Labor cost has gone up as a result of wage increases, if to a lesser extent than last year.
- (3) Prices of imports, which so far have stayed low due to the worldwide recession, are expected to move up pending the recovery of the world economy.

In addition to these factors on the supply side, those on the demand side, such as an eventual pickup of home demand and exports, are also in store.

Consumer prices in the Tokyo's 23 wards declined in June 0.1 per cent from the preceding month, first drop in a

long time. Compared with a year-ago level, however, it was still 13.7 per cent ahead, and from the March-end of this year, it was up 3.5 per cent.

The future trend of consumer prices does not warrant optimism because they include commodities for which demand is inelastic to prices, and those on which cost increases are easily passed due to little room for productivity gain, and also because prices of tobacco, liquors, rice and postal fares are bound for rise in the near future.

Depressed corporate performances

Sales of corporations are continuing to slow down, while their earnings remain depressed under the impact of soaring costs.

Corporate net earnings and the ratio of net earnings to total capital employed kept dwindling for five consecutive quarters from the first quarter of 1974 through the first quarter of 1975 (except that the ratio of net earnings to total capital employed held unchanged in the first quarter of 1975).

As for the performances thereafter, sales are expected to remain flat or turn slightly upward, but corporate results as a whole will proceed at a level far from generating a feeling of business recovery, with the operating rate continuing low and cost increases putting squeeze on earnings.

Slowdown of trade

In parallel with the continuing slowdown of exports amid the worldwide recession, imports have kept dwindling in the past months, with Japan's international trade finding itself balanced at a lower level.

In the May balance of payments, for example, exports totalling \$4,304 million trailed a year before level for the first time in seven and a half years. On a seasonally adjusted basis, they represented a drop of 7.7 per cent from the preceding month.

Such a marked falloff of exports was attributed to substantial drops in shipment to industrialized nations and non-oil producing developing countries. Sales to oil producing countries of Middle East continued brisk, however.

Imports also recorded in May a drop of 14.4 per cent from the like month of last year to \$4,323 million due to decreasing purchase of raw materials and fuels. The level of imports has been behind a year before level each month since last February.

On balance, despite a surplus produced in the long-term capital account, the overall balance ended up with \$381 million in deficit.

As a key factor dictating the future course of the domestic economy, the slackening trend of exports is being watched with much concern, but chances are that they will begin gradually to pick up as the world economy is likely to take to a recovery in the autumn. Such a prospect is already partly signaled by the trend of export letters of credit received.

Easier corporate financing

The Marshallian K, an indicator of the relationship of supply and demand of money in general, is viewed to be on a rise since the first quarter of this year. Responsible factors are a net payment from the Treasury in the first half of the current fiscal year, increased lendings by city banks, and slump of economic activity.

Under these circumstances, corporate financing is expected to grow further easy as the need of inventory financing recedes, while fund demand for operating funds and capital expenditures remain dull, all lacking pace against increasing fund supply.

The ceiling imposed by the Bank of Japan on the rate of increase in lendings by city banks, for example, was set at 5.3 per cent in the first quarter of 1975 over the corresponding period of last year, 12.7 per cent in the second quarter, and 10.2 per cent in the third quarter. In terms of gain in the quarter-end outstanding balance from the end of the preceding quarter, they respectively represented a gain of 2.2 per cent, 2.3 per cent and 2.4 per cent.

However, in industries where inventory liquidation has been delayed or sales are falling sharply, such as chemical and synthetic fibers, non-ferrous metals, pulp and paper, shipbuilding and steel, fund situations appear holding tight.

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DAI-ICHI KANGYO BANK

What tempts motorists to drive foreign

BY TERRY DODSWORTH

APRIL was the cruellest month since the war for the British car industry. Imports took 38.44 per cent of the U.K. market, an all-time record; and car exports for the month fell in value by 13.14m. of vehicles going overseas, against 244.7m. being brought into the country. While 230,800 sales of British cars that proved to be their high point for the first half of the year, imports were up again dramatically at the beginning of this month when, in 12 days, foreign cars captured four customers out of every ten.

Everyone, as Lord Stokes is fond of remarking, is an expert on the car industry; and every driver has his favourite reason for this remarkable reversal in what, until the late 1960s, was one of the world's most chauvinistic car markets. But one thing can be said with fair certainty: the first half of 1975 appears to have exploded the myth, nurtured by the manufacturers, that "availability"—or rather lack of it—was at the root of the British industry's failure to fight off the imports.

Supplies

Behind this theory was the notion that if only the U.K. manufacturers could assure their supplies to the market, they could see off the competition; strikes, erratic component deliveries and lack of up-to-date capital resources, had had a highly damaging effect, the manufacturers argued, on their ability to supply the product. There have been major strikes, of course, since Christmas, notably at Ford, Dagenham (seven weeks), on Chrysler's lines and at British Leyland's Longbridge toolroom. But for the theory about availability to stand up, the U.K.

Japanese imports is the result of unfair trading practices rather than of manufacturing efficiency.

Whatever the problems of the U.K. manufacturers, many foreign products have held their prices comparatively well. In the latter half of last year and the beginning of this, when U.K. inflation took off, these differences emerged particularly sharply. The table shows that percentage increases on British cars over the past year have been generally higher than on imports.

Options

The table also shows the kind of options open to a new buyer in the "mini," small family saloon markets, and quality car sectors. What it clearly displays is that if a customer is considering price alone he is certainly as likely to choose an import as a British car. Three or four months ago he was possibly even more so inclined: Datsun prices in particular have been pushed up rapidly over the past few months.

If, on the other hand, the customer considers what the industry likes to call "total cost"—service, spares, trade-in price and so on—the equation swings back in favour of the British product. This is one of the reasons why the fleet buyer tends to plump for the U.K. product, although large discounts and straightforward pressure to buy British also play their part in these decisions. (Import franchises like Volkswagen which have tried to get in on the vast volumes of fleet market have found it hard going.)

The second argument concerns the product: which com-

panies are making the right kind of cars for the present legislation, while Japan is still market, offering reliability, quality, good petrol consumption, straightforward basic products, comfort and some aesthetic appeal? These factors clearly duce have benefited disproportionately from the swing in other and with the question of the U.K. market away from big price. For example, one of the cars. According to industry

HOW U.K. CARS COMPARE WITH IMPORTS

	Price August 1975	Price August 1974	Price Increase %	Percentage change in sales (2nd qtr. 1974-1975)
MINI CAR CLASS				
BL Mini 1000	1,334	1,020	30.7	-29.8
VW Golf 1100	1,499	na	na	New product
Renault 5L	1,404	1,073	30.8	+77.0
Datsun Cherry L	1,298	1,075	20.7	+16.9
Toyota 1000	1,287	na	na	New product
SMALL CAR CLASS				
Ford Escort 1000	1,539	1,174	30.2	+4.8
BL Allegro 1100 DL	1,541	1,180	30.4	+10.7
Chrysler Avenger 1300 DL	1,522	1,146	32.8	+39.3
Datsun Sunny	1,430	1,179	21.2	+137.2
Citroen GS	1,780	1,360	30.8	+33.8
Lada 1200	1,199	980	22.3	+42.4
LARGE CAR CLASS				
BL 1825	2,237	1,610	38.9	+12.1
Triumph 2500 TC	2,353	2,352	42.5	+25.4
Audi 100 LS	2,792	2,194	27.2	+7.7
Peugeot 504 GL	2,614	1,976	32.2	+18.8
BMW 1402	2,339	1,962	17	+43.5

Source: Motorists Guide

great strengths of the Japanese pricing structure has been the fact that, at comparable prices, their cars have often been equipped with items (radios, heated rear window etc.) which appear as extras on U.K. cars. To some extent the same is true of some Continental cars.

Unquestionably, too, the imported product has proved a better answer to high-cost fuel than its U.K. competitor. This the Alfa Romeo up from sales of 458 to 1,323 (+188 per cent.); the Citroen GS increased sales from 1,810 to 2,322

(+33.50 per cent.); and the Toyota Corolla from 1,822 to 1,823 (+12.40 per cent.).

In this class, it is true, British cars are poorly represented. Yet what takes some explanation is that even those there are have not done particularly well. The new Ford Escort has been a success with a 6.8 per cent. increase in sales; the Vauxhall Chevette also registered sales of 5,966, opening up a slot of the market which had been closed to Vauxhall. But why have the Vauxhall Viva, the BL Allegro, and the Chrysler Avenger all suffered?

The Avenger's decline—by 39.3 per cent.—is perhaps easiest to explain because of Chrysler's recent commitment to export built-up cars to Iran. But the Viva and the Allegro are clearly struggling, and their problems bring the focus back to the U.K.'s difficulties over prices, quality and reliability.

Added to this is an even more difficult factor to untangle—styling appeal. Cars are undeniably fashion products, and over the last few years European styling trends have attracted a

committee of the Parliamentary commission are again interesting. Its report notes that "the quality of workmanship in (U.K.) cars is not as good as it 1960s Britain was an extremely inward-looking market with only a small import content, whereas the Continental companies had learned to live with 20 to 30 per cent. import penetrations.

These figures, of course, put the British anxiety over imports (running at an overall 32 per cent. this year) into context. They also suggest that sales of imports may normalise at between 25 and 30 per cent. (Ford, for example, was writing such a penetration into its plans a good ten years ago although it has happened more swiftly than the company expected.)

On the other hand, the success of models like the Golf, the Renault 5, Audi 100 and Peugeot 504 clearly has a lot to do with their good looks, and in the case of the first two with their all-round convenience achieved through the tailgate—a styling innovation the U.K. companies were slow to follow.

The importers have also managed their marketing with considerable skill. VW and Peugeot, for example, have played on the reliability image with good effect; Renault, having produced a line of models designed for family motorists, has had a clear sector to attack; Datsun was the first to pull customers into the showrooms with offers of cheap finance and insurance. At the same time they have benefited from the rationalisation of both the Ford and BL distribution systems. Colt, the new Japanese entry to the market, has picked up 100 dealers within six months of arrival.

Many critics also consider that morale and drive is higher in the import distribution organisations. And they add that the U.K.'s attempts to follow the importers' marketing ideas have been clumsy. Chrysler's incentive schemes, for instance, have not been notably successful, and BL's "Superdeal" is now coming under attack for discriminating too much in favour of foreign car trade-ins. The next two months will answer the critics on Superdeal. But what is certain is that, in the long run, marketing campaigns of that kind are no substitute for getting the right product at the right price.

Morale

Conclusions

In this context the conclusions of the Parliamentary committee are again interesting. Its report notes that "the quality of workmanship in (U.K.) cars is not as good as it 1960s Britain was an extremely inward-looking market with only a small import content, whereas the Continental companies had learned to live with 20 to 30 per cent. import penetrations.

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Letters to the Editor

BLMC workers' output

From Mr. G. Hislop.
Sir—In Terry Dodsworth's analysis (August 13) of the Parliamentary Select Committee report on the motor industry, there is a table headed "Comparison of Labour Productivity." It shows BLMC right down at the bottom of this league.

But if one asks "How well do workers do with the relatively low fixed assets provided for them?" a revealing result emerges. The value added per man per £ of fixed assets owned by BLMC is 1.2, compared with 1.5 for the European industry as a whole.

Hence one conclusion, unmentioned, could be that the BLMC worker's output is relatively very low considering how poorly he is equipped.

G. S. Hislop.
Haulien,
St. John's Hill,
Old Coulsdon, Surrey.

Let's get on with it

From Mr. H. Reddin.
Sir—The Ryder Report on British Leyland being a fair attempt can we not all rally round and get on with the job of making the organisation more profitable than any other European motor manufacturer?

Lord Ryder and his men were appointed to do a job and must have worked very long hours to get it done in the time. Why not allow objections to damp down enthusiasm? Not everyone sold his shares in British Leyland, for one, have sufficient faith in Britain to stay with it.

Harry G. Reddin,
11, Muzzle Patch, Tibberton, Glos.

Unemployment figures

From Mr. R. Nisley.
Sir—I cannot speak for Samuel Britton (who is anyway more than capable of speaking for himself) but Mr. Leicester (August 12) is wrong in thinking that the Centre for Policy Studies' adjusted unemployment statistics confuse "the duration of unemployment of an individual up to a certain date" and "the total length of time that person will have spent on the register by the time he leaves." We maintain only that the number of people who have been unemployed for four weeks or less is a good indication of those who are changing jobs.

It is a fact that a very large proportion of these people will find jobs and that a small proportion of them will remain on the register to become part of the "total long-term unemployed among active population."

Two per cent. battle

From Mr. P. Nandi.
Sir—May I as a borrower, come to the defence of Mr. Francis (August 14) and in particular his claim quoted in Mr. Remson's article (August 6), "that we could see the position register where are changing jobs, and it is quite wrong to aggregate them with the 'total long-term unemployed among the active population.' Further, more, the DoE/employment (self) recognises that about 300,000 join the register each month, with about the same number leaving. This total is substantially higher than our current estimate of 248,000 of those who are between jobs."

Finally, nobody disputes Mr. Leicester's contention that there are now about 1m. registered unemployed in this country; what is disputed is the relevance and significance of this gross aggregation of very different components.

Robert Miller,
Centre for Policy Studies,
8, Wilfred Street, S.W.1.

Health and safety at work

From The Director,
The Woolmen and Worsteds Federation.
Sir—Mr. Cartwright's assessment (August 6) of the drastic implications of the Health and Safety at Work Act, instigated by the requirement of the installation of full-height, fully-interlocking side-screen guards on woolen carding machinery, attracted an unanimous piece of fractured logic by way of response from Mr. Gregory, August 12, of the Trade Union Research Unit at Ruskin College.

Mr. Gregory's view is that "the real nub of the safety problem" is "amply illustrated" by quotations from individuals in the context of the woolen industry's problem, and that these show that "industry and leading personnel in industry still put profit before the safety of workers."

I had no option but to approach the representative of the life assurance company, this I did on the same day, and was cheerfully told that he had just been to see the building society. For existing borrowers there would be no difficulty in advancing the maximum amount the building society was then lending, and the company would be happy to top this up further as necessary.

I would thus take issue with the building society executive mentioned in Mr. Remson's article that it is the broker who pushes for more endowment

Third World problems

From the National Organisation, World Development Movement.
Sir—Gordon Tether must be congratulated on his timely article "The More Things Change..." which drew attention to the deteriorating terms of trade for developing countries (August 7). We tend to forget that the world economy is hitting Third World countries even harder than Britain.

On one hand, falling demand from industrialised nations means decreased earnings for developing countries from exports.

On the other hand, prices to the Third World of Western-made manufactures continue to rise with inflation, despite in Britain's case a devaluing £.

The small gains of last year's commodity boom have been wiped out.

To blame all this on ex-ports for raising petroleum prices is too easy. For India, Bangladesh and the rest are also faced with much higher prices for grain imports from North America. Indeed, the poorest nations have become dependent on the Organisation of Petroleum Exporting Countries' charity to finance their much needed food imports.

Russian and British grain purchases give an added boost to the world market price. The long-term trend is clear.

Developing countries' exports are accounted for 34 per cent. of world trade in 1950 and dropped to only 17 per cent. in 1972. The so-called "commodity boom" of 1972-73 added no more than

2 per cent. to this share in 1973. It may well turn out that the example of OPEC in coming together as a cartel to raise prices will begin to turn the tide in favour of the Third World.

While most commodity prices remain at a low level producers have in some ways a bigger incentive to work together.

Whether the fundamentally resource-hungry nations, including Britain, will be prepared to pay higher prices to ensure food and mineral supplies is another question. Unfortunately, judging by the unrealistic extensions in home quarters to the Third World demand for indexing, we could be heading for a period of increased confrontation between rich and poor.

John Tanner,
Bedford Chambers,
World Development Movement,
Bedford Square, W.C.2.

Inland Revenue tables

From the General Manager, Package Programs.
Sir—Professor Sam Eilon (August 11) simplified tax table B to a fascinating extent. It would be very convenient indeed if PAYE was based on a set of rules that permitted this simplification.

Leaving aside quibbles of PAYE deduction that Professor Eilon has ignored there is a fundamental reason why the full table has to be issued by the Inland Revenue. The assumption made by the Professor that employers have pay offices is very wide of the mark. Most businesses are small and the Revenue's experience is that the cost of providing full tables out-weighs the clerical cost of correcting errors made by small employers with no clerical experience and little interest in "doing the wages."

My experience of PAYE is based on the detailed notes for computer programmers issued by the Inland Revenue. To program a computer to follow exactly a procedure that must be readily

understandable in a very simple clerical form is a contradiction of objectives. It can be done, but the formula published for this by the Inland Revenue is not readily understood by the layman.

If Professor Eilon could reduce the formula to a sequence of operations, one hand held calculator and come up with the correct Table A and Table B result, he would, in my view, have provided a much greater benefit to the full-time pay clerk than any manual table look-up operation, however amplified.

It should not be forgotten that tables similar to table B are provided by the Department of Health and Social Security for calculating National Insurance contributions. A much more basic question is why have two separate percentage deductions from pay but perhaps I am more simple minded than a Professor or legislator and cannot hope to receive an answer to that question.

C. C. Dillaway,
81, Southwark Street, S.E.1.

How economies go bust

From Mr. O. Smedley.
Sir—It was a pity that Anthony Harris needed to establish otherwise unquestionable article on "How cities and economies go bust" (August 14) by reviving what I thought was already the exploded myth of the North Sea oil bonanza.

North Sea oil in the present glutted market will produce a growth of revenues which practically cuts the task in half. The task is equating Government expenditure with its income.

Mr. Harris would appear to be a great deal more sanguine about the future prospects of North Sea oil than most of my friends in the oil business.

Oliver Smedley,
Duck Street,
Wendens Ambo,
Nr. Saffron Walden, Essex.

Health and safety at work

From The Director,
The Woolmen and Worsteds Federation.
Sir—Mr. Cartwright's assessment (August 6) of the drastic implications of the Health and Safety at Work Act, instigated by the requirement of the installation of full-height, fully-interlocking side-screen guards on woolen carding machinery, attracted an unanimous piece of fractured logic by way of response from Mr. Gregory, August 12, of the Trade Union Research Unit at Ruskin College.

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How can being forced out of business possibly be regarded as having an eye to profit regardless of all else? The ultimate dogma will have been realised when industry is run as a social service with no production and no employees. What price industrial safety then?

What we do, and what we are entitled to do, is question the relative significance of the various cost factors in production in relation to the probability of the assertions of those who have the power to impose additional burdens concerning the safety of workers.

Mr. Gregory's stated objectives are unrealistic without immense expenditure. Safety is an emotive subject as well as being of the utmost importance, and we have been prevailed on as an industry to accept as an obligation the progressive provision of a virtual guarantee of safety to the most foolhardy, self-disregarding or negligent employee in a woolen carding department.

If a woolen manufacturer now says "I can't afford it," that's what he means. If he adds that the crippling expense (well over £2,000 per machine on average, £7m. at today's prices for the woolen industry as a whole) involves no monetary return, he means that a monetary return is the company's lifeblood, and without it the company dies. Not a good reason for putting profits before safety, but unfortunately a good reason for closing down.

It is unreal and utterly wrong, certainly in the situation in which much of industry now finds itself, to expect industry to respond with alacrity and success to any demands imposed upon it, however costly, by a

bureaucracy with huge and exclusive powers and dependent only on its own value-judgments as to the relationship between chosen method and desired effect. Mr. Cartwright suggests a system of government grants in aid; we are awaiting a response from the appropriate departments to our own case for positive assistance under the industry Act 1972.

We feel that an industry faced, at the behest of some official organism with powers of enforcement, with financial burdens out of proportion to its profitability (in the sense, be it understood, of its power to make that degree of return which ensures the livelihood of all who are dependent on its success) should have the opportunity to make a reasoned case to government demonstrating that a large part of that industry cannot afford it and is therefore at risk, and therefore that if (1) the continued existence of that industry in recognisable form and the employment it provides are important in the eyes of government, and if (2) government departments that should concern themselves with the cost-effectiveness of official demands on industry are prepared to endorse the demands in question, then the official department making the demands should withdraw or give much greater scope to a real process of negotiation with the industry involved.

D. G. Duke-Evans,
Lindsay Bank Chambers,
Huddersfield, Bradford.

To-day's Events

GENERAL	Slater Walker (half-year).	BALLET
Swan Hunter management meets unions involved in pay dispute at its Tyneside shipyards.	Transport Development (half-year).	London Festival Ballet dance Swan Lake, Royal Festival Hall, London, 7.30 p.m.
COMPANY MEETINGS	Moorgate Investment, 8, Waterloo Place, S.W., 3.15.	MUSIC
Parkland Textile, Leeds, 12.30.	Property Partnerships, Norwich, 11.	Henry Wood Promenade Concert: BBC Scottish Symphony Orchestra and BBC Singers (conductor, Christopher Seaman), with Felicity Palmer (soprano), Helen Watts (contralto), Peter Peary (tenor), and Michael Rippon (bass-baritone) in Beethoven's Mass in B minor, Royal Albert Hall, London, 7.30 p.m.
Britannia Ferries introduces passenger-car ferry service from Plymouth to St. Malo for two months.	Slater (George), West Bromwich, 12.	CRICKET
COMPANY RESULTS	Smith Bulmer, Bradford, 10.30.	Third Test (final day): England v. Australia, Haddingley.
De Beers Consolidated Mines (half-year).	OPERA	
Royal Insurance (half-year).	English National Opera production of The Magic Flute, Cullum Theatre, London, 7.30 p.m.	



IMPALA PLATINUM LIMITED

(Incorporated in the Republic of South Africa)

Declaration of Dividend and Preliminary Profits Statement

FINAL DIVIDEND—The Directors have declared a final dividend in respect of the year ended 30th June, 1975, of 15 cents. South African currency, per share which will absorb R1,800,000. Dividends in respect of the year have thus totalled 45 cents per share absorbing R5,400,000. (Year ended 30th June, 1974: 75 cents per share absorbing R9,000,000.)

PRELIMINARY PROFITS STATEMENT—The unaudited, consolidated accounts for the year ended 30th June, 1975, and the comparative figures for the previous year show:

	Year ended 30th June, 1975 (R'000)	Year ended 30th June, 1974 (R'000)
Group profit for year	35,910	42,063
Less: Taxation	2,235	2,194
Group profit after tax	33,675	39,869
Less: Minority interest in profit of subsidiary	10	11
	33,665	39,858
(281 cents per share—1974, 332 cents per share)		
Add: Retained surplus brought forward	7,324	4,238
Available for appropriation	40,989	44,096
Amounts transferred to—		
Reserve for expenditure on mining assets	25,272	25,772
Distributable Reserve	—	2,000
Dividends	5,400	9,000
Retained Surplus	10,317	7,324
	40,989	44,096

NOTES

- The profit for the year was arrived at after charging in Impala's own accounts R8,450,000 for interest on loans (1974: R5,651,000); R1,870,000 for adjustments and realignments of foreign currencies (1974: R1,113,000); increase in provision for leave pay R30,000 (1974: R1,000,000).
- Included in the revenue for each of the above years was the sum of R7,272,000 being half the special pre-payment referred to in the notes on the financial statement for the year ended 30th June, 1974.
- Capital expenditure during the year ended 30th June, 1975, amounted to R23,789,000 (1974: R67,722,000). Capital expenditure for the current year ending 30th June, 1976, is expected to be of the order of R10,000,000.

PROGRESS ON PROPERTY—Mine and Refinery production has been adjusted to the planned rate of 600,000 ounces per annum at which level it is being maintained for the time being. To date, insurance payments totalling R3,950,000 have been received in respect of claims arising from the damage and loss of production caused by the bursting of No. 1 tailings dam on 11th November, 1974. The final insurance claim will be lodged in the near future.

MARKET—There have recently been signs of a somewhat firmer undertone in the market for platinum. Since the financial year end the producer price has been partially restored and is now U.S.\$170 per ounce. Nevertheless, as a result of the world recession, consumption of platinum and platinum group metals (in common with most other metals) is presently at a much lower level than a year ago.

I. T. GREIG / Directors
K. A. B. JACKSON

Registered Offices:
Union Corporation Building,
74/78 Marshall Street,
Johannesburg, 2001.
(P.O. Box 61357, Marshalltown, 2107).

London Secretaries:
Union Corporation (U.K.) Limited,
Princes House,
95 Gresham Street,
London, EC2V 7RS.
18th August, 1975.

THE BOARDS OF DIRECTORS OF BISHOPSGATE PLATINUM LIMITED, U.C. INVESTMENTS LIMITED AND UNION CORPORATION LIMITED DRAW ATTENTION TO THE PRELIMINARY STATEMENT BY IMPALA PLATINUM LIMITED, THE TEXT OF WHICH IS PUBLISHED ABOVE.

COMPANY NEWS + COMMENT

Midterm rise at Dufay Bitumastic

EXTERNAL sales for the first half of 1975 of Dufay Bitumastic expanded from £3.96m. to £4.76m. and profits advanced from £0.57m. to £0.83m. before tax of £0.33m. against £0.31m.

Earnings are shown to be up from 3.5p to 3.2p per 10p share and the interim dividend is 0.5p net cost £46,000. There was no interim last year, the final payment was 1.25p from taxable profits of £1.13m.

Subject to unforeseen circumstances the directors intend to recommend a 0.875p per share final dividend for this year—the maximum permitted.

Results for the first half of 1975 regarded as satisfactory. Export sales at £1.73m. were some 22 per cent. higher.

Figures for the first six months of 1974 have been restated to give effect to the write-back to profit of the provision of £175,000 no longer required as a result of a favourable arbitration award and a consequential increase in the taxation provision. The restated half year's results include £40,000 estimated recovery from this source.

As a result of cash flow combined with the receipt of the money under the arbitration award, bank borrowings at June 30, were some £0.4m. below the 1974 year end level. The directors anticipate a considerable further reduction in the overdraft by the end of 1975. In this connection it has been calculated that, as a result of the stock appreciation relief provided by the 1975 budget, the tax payable in 1976 on 1975 profits will be reduced from approximately £100,000 to about £30,000. This permits a transfer of approximately £40,000 from current taxation liabilities to deferred taxation.

Orders on hand for 700 enamel plus the recently placed order, will require production to run at full capacity well into next year, members are told. Provided economic conditions do not bring about a major downturn in demand for other products, a good level of profits for the second half of the year is expected.

The company is "in good share and in a position to proceed with the development of its business," states the chairman, Mr. C. J. Bridge.

comment

Although flattered by comparison with a fairly weak period, Dufay Bitumastic's first-half performance—profits 8 per cent. higher on a 30 per cent. rise in sales—comparisons favourably with recent results from other paint makers. Both the paint and bitumastic divisions have apparently increased their contributions but the main growth appears to have come from the latter, which is enjoying a high level of demand for oil line coatings. By the year-end the profits split between the two divisions is likely to be even more biased towards the bitumastic division, as the rate was roughly 30:50 as orders are continuing to come in from overseas, particularly the Middle East. It is given that the group is also expecting to see a substantial reduction in borrowings by the year-end—those totalling £1m. against net worth of £1m. last year—it should be able at least to maintain its first-half growth for the full year. A prospective yield of 31 per cent. at 39p already seems to be taking this into account.

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HIGHLIGHTS

The City of Liverpool is coming to market for £30m.; the loan is discussed in the Lex column, where there is also examination of the Ferranti report and the latest move in the Spirilla/Vantona situation, a circular from Dr. John Blackburn urging acceptance. There are good first-half figures from Dufay Bitumastic and a good level of profits is expected from the second half; but John L. Jacobs sees the outlook for 1976 as "far from encouraging" and the report from Danks Gowerton is cautious in tone. Vibroplant has earned more but examination of the figures indicates a slowdown in the rate of growth. Ega Holdings, however, has ended the year well and is proposing a one-for-one scrip issue.

J. I. Jacobs off £0.26m. at mid-way

FIRST HALF 1975 pre-tax profit of John I. Jacobs and Company contracted sharply from £1,015,000 to £732,000, and the directors anticipate that losses would arise on trading operations in the second half.

They also state that there is little real sign of improvement in the international freight markets and the outlook for 1976 "is far from encouraging."

The expected second half losses take into account the heavy depreciation and lay-up costs of M.V. Teakwood, but the losses should be offset by the profit arising on the sale of V.V. Rosewood on her safe delivery to purchasers.

As known there is no interim dividend (£0.46p net), and the question of a dividend for the year will be reviewed when the results are known. For the year 1974 a total of 1.318p was paid from a pre-tax profit of £1.6m.

Half year 1975 1974

Turnover	£800,000	£500,000
Profit before tax	£732,000	£1,015,000
Profit after tax	£511,000	£732,000
Dividend	—	£1.318p
Reserves	£250,000	£1,000,000

Increase in market value: Decrease.

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MINING NEWS

Northgate in the red but still hopeful

BY LESLIE PARKER, MINING EDITOR

CANADA'S Northgate Exploration, which runs the Tynagh lead-zinc and Gorturk copper mines in Ireland, had a net loss of \$147,000 in the June quarter equal to 2 cents a share. This brings the half-year, surplus down to \$265,000 or 4 cents a share compared with \$330,000 or 6 cents a share in the same period of 1974. Substantially lower prices for lead and copper led to generally higher operating costs were the principal reasons for the setback. Current-half results are expected to be "moderately improved" compared with the first half of 1975. This hope reflects anticipated income from the sale of inventory stocks of copper concentrates from Gorturk, which is expected to close down before the end of the year, and assumes maintenance of metal prices at current levels and normal mining operations at Tynagh.

Drill results

Northgate is continuing its probing of the ground about 13 miles north of the big Tara zinc deposit and adjoining the prospect being drilled by the Messinas-Sandus partnership. Assay results from a fourth hole cut a 25-foot intersection grading 12.21 per cent combined zinc and lead. Since then 27 more holes have been put down. Two cut mineralisation, eight hit weak mineralisation and the remaining 17 "significant" mineralisation. The last-mentioned hole, about 1,200 feet long by 900 feet wide but is divided in two by an east-west fault. Grades vary from 4 to 24 per cent combined and thicknesses from 15 to 55 feet. Further detailed drilling is required before any estimate of possible mining reserves can be made, it is stated. Northgate has a 10 per cent stake in Tara and a direct and indirect interest of 8.6 per cent in Vestigon which operates the Black Angel lead-zinc mine in Greenland which made a net profit of \$8.5m in 1974. Yesterday Northgate were 3p up at 280p.

ZCI PASSES ITS FINAL DIVIDEND

No final dividend for the year to June 30 last is being paid by Zambia Copper Investments owing to exchange control considerations. It is pointed out that dividends declared on the company's 40 per cent holding in Nchanga Consolidated Copper Mines for the first two quarters of the latter year to June 30 (dividends for the succeeding two quarters were passed) amount to \$11.5m.

However, permission for these

dividends is being sought from the

Government.

On the other hand, Rhodesian

tax is sharply higher than in

the U.K. and Phoenix has had to carry

its share of the losses of the

associated Phoenix Mining and

Finance U.K. dealing company

which has been hit by adverse

share market conditions. How-

ever, the dividend has been main-

tained at 1.25p with the help of

a modest drawing on the large

retained profits of previous years.

While it is hoped that Phoenix

mining will do better this year,

Globe is using its financial re-

sources, which are blocked in

Rhodesia, for further property

mining and other development

there in anticipation of the day

when, hopefully, there will be a

satisfactory settlement of the

political problem.

Gold-mining has at last come

to an end after almost 100 years

at the fabulously high-grade

mine but clean-up process

which will involve treating mine

residues and the sale of mach-

inery, is expected to yield about

£1m over the next five years

or so. Assets—which are nearly

all in Rhodesia—are being re-

valued and, in all, they could be

worth the equivalent of about

150p per share. The latter closed

3p off at 48p yesterday.

Impala payment

AFTER HAVING omitted pay-
ments for the middle two quarters
of the year to June 30 last, the
Union Corporation group's
Impala Platinum has returned to
the dividend list with a final quar-
terly payment of 15 cents (1975)
which, with the year's first in-
terim, makes a total of 45 cents
against 75 cents for 1974-75.

The past year's profits came
out at \$33.7m (£22.4m) compared
with \$33.9m (£22.4m) in 1974-75.
The 1975 profit is against 332
cents per share. In line with the
fortunes of the market in platina,
Impala's earnings advanced in
the first half of the past year
only to retreat in the following
three months.

Profits for the latest period
have been struck after loan in-
terest of \$8.4m (£5.6m), cur-
rency realignments \$1.9m
(\$1.0m), and increased leave pay
provision of \$360,000 (£210,000).
Capital spending in the past year
totalled \$23.3m (£17.7m) and is expected
to be about \$10m in the current
year. Insurance premiums so far
received in respect of Novem-
ber's tailings dam burst amount
to \$3.9m.

Impala adds that production
has been reduced to the planned
rate of 0.6m ounces a year and
is being maintained at that level
for the time being. A strike of
\$1.56 per cent in Impala is held
by Bishopsgate Platinum, the
shares of which were 107p yester-
day. Those of UC Investments
were 405p.

See Lex

GRIMSHAW SALE

TO BJN

Grimshaw Holdings, the Leeds
based financial and industrial cor-
poration, is to sell most of its
plant, wallpaper and other assets
to BJN, a subsidiary of the
Berger Group, a member of the
Jensen and Nicholson paint
making group.

Deal which is in stages
and should be worth about £1.5m
to Grimshaw by the time it is
completed in March 1976, gives
Berger (a subsidiary of Hoechst of
West Germany) some 100,000
outlets and six merchandising
locations, a valuable prize as com-
petition between the big three
paint manufacturers—ICI, WPM
and Berger—intensifies in the
UK.

For Grimshaw the sale of
Mangrove paint and wallpaper
interests means that the indus-
trial division's bank borrowings
and short term loans of £250,000
will be repaid. The industrial
division has no effect on the net
assets or profits after interest of
Grimshaw.

Grimshaw will retain the free-
hold of the 20 or 30 small outlets
it owns and they will bring in
about £107,000 a year. PGW will
buy all the Mangrove stock at net
replacement value, stages over
the next six months. In April
1975 the stock in trade at net
replacement value was worth
\$978,000.

RESULTS AND ACCOUNTS IN BRIEF

W. E. HORTON (machines and
mechanisms)—Results for year to March
31, 1975 reported July 25. Group fixed
assets \$24,213 (£14,513). Current
assets \$24,213 (£14,513). Chairman
commented that further growth pos-
sibilities are being explored. A
Machine Tools (Holdings) plc presented.
Auditors unable to satisfy themselves
that the company's accounts are
true. Meeting Grosvenor Hotel S.W. on
September 2 at 10 noon.

EAST ASIATIC RUBBER (MALAYSIA)—
Results for year to March 31, 1975
reported August 8. Fixed assets \$24,213
(\$24,213). Net current assets \$24,213
(\$24,213). Chairman commented that
the company's accounts are true. Meeting
Grosvenor Hotel S.W. on September 2 at
10 noon.

GOLD FIELDS PROPERTY COMPANY—
Results for year to March 31, 1975
reported July 25. Group fixed assets
\$24,213 (£14,513). Current assets
\$24,213 (£14,513). Chairman commented
that the company's accounts are true.
Meeting Grosvenor Hotel S.W. on Sep-
tember 2 at 10 noon.

MARLYAT GROUP (engineers and
property developers)—Results for year to
March 31, 1975 reported July 25. Group
fixed assets \$24,213 (£14,513). Current
assets \$24,213 (£14,513). Chairman com-
mented that the company's accounts are
true. Meeting Grosvenor Hotel S.W. on
September 2 at 10 noon.

WALLIS AND CO. (COSTUMEIERS)—
Results for year to January 31, 1975
reported July 25. Group fixed assets
\$24,213 (£14,513). Current assets
\$24,213 (£14,513). Chairman commented
that the company's accounts are true.
Meeting Grosvenor Hotel S.W. on Sep-
tember 2 at 10 noon.

SUNGLASS MINES—Results for year to
March 31, 1975 reported July 25. Group
fixed assets \$24,213 (£14,513). Current
assets \$24,213 (£14,513). Chairman com-
mented that the company's accounts are
true. Meeting Grosvenor Hotel S.W. on
September 2 at 10 noon.

WESTERN BOARD MILLS—Results for
year to March 31, 1975 reported July 25.
Group fixed assets \$24,213 (£14,513).
Current assets \$24,213 (£14,513). Chair-
man commented that the company's ac-
counts are true. Meeting Grosvenor Hotel
S.W. on September 2 at 10 noon.

CONTINENTAL AND INDUSTRIAL
TRADING—Results for year to March 31,
1975 reported July 25. Group fixed assets
\$24,213 (£14,513). Current assets
\$24,213 (£14,513). Chairman commented
that the company's accounts are true.
Meeting Grosvenor Hotel S.W. on Sep-
tember 2 at 10 noon.

HALLAM & CO. (CHESTNUTS)—Seven
months to March 31, 1975. Turnover
£1.8m (£1.8m). Previous 12 months
£1.8m (£1.8m). Chairman commented
that the company's accounts are true.
Meeting Grosvenor Hotel S.W. on Sep-
tember 2 at 10 noon.

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year to March 31, 1975 reported July 25.
Group fixed assets \$24,213 (£14,513).
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RECENTLY REFINISHED—Results for
year to March 31, 1975 reported July 2

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Tidying-up bid activity evident in S. Africa

BY RICHARD ROLFE

JOHANNESBURG, August 18.

WITH THE industrial market reviving in Johannesburg, despite a problematical outlook for gold, a number of companies have embarked on mergers essentially aimed at tidying up controlling shareholdings or at consolidating portfolios. They could well be the precursors of others as controlling interests take advantage of what will probably turn out to be favourable prices. The Rand Daily Mail Industrial Index is now standing at 223.4 and is poised in the view of many fund managers, for a rise to the 270 level.

Anglo American Industrial Corporation (AMIC), the main industrial holding company in the Anglo empire, is bidding 13 of its shares for every 100 in Stafford Mayer, the Durban-based group with interests in timber, sugar, paper and flooring, and 13 AMIC for every 100 shares in Stafford Mayer's 68.6 per cent. controlled subsidiary, S.A. Board Mills, except for the shares Stafford Mayer owns.

This values both Stafford Mayer and S.A. Board Mills at about 115c per share, but the bid has already run into flak from shareholders who say asset value is around 200c. Although S.A. Board Mills is in financial difficulties, the replacement value of its modern No. 6 board mill alone is said to be R20m. This compares with R17m. total value for both bids.

When the deal was initiated, AMIC held 23.7 per cent. of Stafford Mayer and 10.2 per cent. of S.A. Board Mills. It has since acquired additional shares from Stafford Mayer directors and family in order to raise its stake to 54.9 per cent. This ensures AMIC control and enables it to consolidate both companies. It is still bidding for the shares it does

not now own, but may not vote at the meeting to approve the scheme of arrangement on August 28, which has increased the minority's chances of successful resistance to delisting.

In a further deal, Copper Producer Messina is bidding to acquire the minority it does not already own in Datsun-Nissan, which manufactures the popular range of cars in the republic. Holding 3.1m. out of the 3m. Datsun shares in issue, Messina is expected to pay about 200 cents cash for Datsun against the pre-suspension price of 280 cents. This will involve a total outlay of about R2.7m.

BY RICHARD ROLFE

JOHANNESBURG, August 18.

SOUTHERN SUN Hotel, a subsidiary of SA Breweries, has made a composite and indivisible offer to the judicial managers of Tollman Hotels and Tourist Industries and certain of its subsidiaries, Southern Sun Chief Executive Mr. Kerzner told a Press conference.

He said that Southern Sun will bid R300,000 for Tollman's 100 per cent. hotel with an additional R100,000 undertaking to secure the leasing contracts with Izando Commercial Centre and Airport City. Southern Sun will offer Tollman Hotels' creditors R200,000 for the cancellation of the lease on the Durban hotel.

Mr. Kerzner said that Southern Sun, on behalf of the independent group MRC Distributors

Finally, the Rembrandt drink and tobacco complex, Oude Meester group which currently holds 51 per cent. of SA Distilleries is to bid for the 49 per cent. it does not own, on terms which have yet to be finalised. These two Cape-based companies already have a joint interest in Oude Meester Cellars which is involved in proprietary wine and other products and the deal will rationalise all these interests within the Oude Meester group. A complication, however, could be SA Distilleries' U.K. incorporation which will require unwinding, even though the head office is in Stellenbosch.

Southern Sun bids for Tollman hotels

BY RICHARD ROLFE

JOHANNESBURG, August 18.

(Pty), will bid R253,000 for the Tollman Towers Hotel, R294,000 for the Diplomat Hotel and R150,000 for the Moulton Ronge Hotel.

The purchase price of the business of the Wilderness Hotel is R130,000.

The purchase price of the Court shares and the Wilderness Hotel will be satisfied by the production of the acquittances discharging the Tollman group from R2,000m. liabilities in respect of the claim of Charterhouse Jaghet and a further acquittance of R300,000 from the first mortgage in respect of its claim in that amount, leaving Charterhouse a substantial loser on the transactions.

Paternelle to hive off AGP

By Robert Mauchier

PARIS, August 18.

PATERNELLE, the large French insurance group, is reorganising its 100 per cent. subsidiary AGP (AGP), the controlling share of 60 per cent. which is held in the latter company since the great take-over battles involving the Suez group and the Banque de l'Indochine in 1972.

It is offering its shareholders one AGP share for two Paternelle shares, respectively quoted at Frs.334 and Frs.141.90 on August 17, the last quotation before dealings were suspended. The bid will be open until October 6.

The financial reorganisation of the French insurance sector follows heavy financial losses last year by another wholly-owned Paternelle subsidiary, Société Auxiliaire Hypothécaire (SAH), which has been dropped up to the time of Frs. 420m. by Paternelle to prevent it from going bankrupt. Half of these losses are considered to be a complete write-off, while interest on the other half will not be forthcoming for at least two years.

Faced with such a tremendous burden, Paternelle had no other choice but to cut its losses. Its shares offered in exchange of AGP shares will be cancelled and its capital reduced accordingly.

Those shareholders who accept the exchange will receive the AGP net dividend for 1974, expected to be at least Frs. 10.70 per share, compared with Frs. 13.64 for two Paternelle shares.

Created in 1943, La Paternelle which deals with a wide range of insurance activities, became a holding company in the bank's hands in 1972, after a hard-fought battle with the Compagnie Financière de Suez in 1972. La Paternelle gave up its control of the Banque de l'Indochine to its rival and received in return all the capital of the insurance subsidiaries grouped within AGP which it had shared up to that time with Suez.

Amro expects major recovery in second half demand

BY MICHAEL VAN OS

AMSTERDAM, August 18.

AMRO BANK to-day announced first-half net profits totalling Fls.83.5m. This was 161 per cent. up on the profits of Fls.54.1m. achieved in the first half of last year which, it was pointed out, had been a "highly profitable period" for the Dutch banking sector.

The Amro results, however, included the half-year figures of Plesco, Holding en Plesco, Excluding the PIP profits contribution, put at around Fls.7m. — Amro's net profit would have gone up by a "rather modest" 5 per cent., the Amro Board told a Press briefing here.

Amro said that the consolidated half-year figures showed that its assets were up by 15 per cent. They had risen by 185 per cent. including Eurocurrency business, of which PIP had accounted for 9.3 per cent. This left Amro's asset growth (excluding PIP) of 9.2 per cent. in the first half which, it was pointed out, still exceeded the growth of the Dutch GNP. Amro's growth had come from all sectors of activity excluding advances, which had risen at a lower rate in the face of lower demand resulting from the economic downturn.

The bank, which unlike ABN (first-half profits up 44 per cent.) could not count on such a large contribution to earnings from foreign activities to help offset

lower demands for credit locally — expects a "major recovery" of the demand for short- and long-term credit in the second half, and higher interest rates. Its Board said that for the whole of the year, the profit per Ordinary share was expected to be "above last year's level" despite an increase of around 15 per cent. in shares outstanding.

The new acquisition, PIP, had performed rather well in the first half and would continue to expand its activities on the lend-

ing side. Results had been up on expectation and this trend was expected to continue in the second half.

According to the Amro statement here to-day, total revenue had reached Fls.873.5m. in the first half, compared with Fls.537.1m. in the same half of last year. Total costs had gone up to Fls.526.9m. (Fls.410.5m.). This left a gross profit of Fls.146.6m. (Fls.126.6m.). The pre-tax profit was Fls.114.1m. (Fls.104.1m.).

BY MICHAEL VAN OS

AMSTERDAM, August 18.

NEDERLANDSCHE Credietbank (NCB), one of the major Dutch commercial banks, saw its net profits rise to Fls.4.9m. in the first half of this year. This was an increase of about 22 per cent. on the Fls.4m. profit achieved in the same period for 1974.

The half-year statement of the bank — in which Chase Manhattan Overseas Banking and Trusts — showed that the bank's net profit had increased by 28 per cent. to Fls.4.9m. (Fls.4.4m.). It had added Fls.5.7m. (Fls.5.3m.) to the provision for general operating risks, allocating Fls.3.9m. (Fls.3.5m.) for taxation.

almost equalled the 15 per cent. increase just announced by Bank Mees & Hope whose net profit increase was more modest due to the sizeable addition to the reserve for general operating risks.

The Nederlandse Credietbank statement also showed that first-half total revenue had gone up to Fls.67m. from Fls.56.2m. last year, while costs, including depreciation, had increased to Fls.52.8m. (Fls.48.4m.). It had added Fls.5.7m. (Fls.5.3m.) to the provision for general operating risks, allocating Fls.3.9m. (Fls.3.5m.) for taxation.

Hiab-Foco profits growth

By William Dufforce

STOCKHOLM, August 18.

HIAB-FOCO, the Swedish producer of hydraulic vehicle cranes, showed profits growth of just under 10 per cent. to Kr.20.1m. (€2.2m.) on a 17 per cent. rise in sales to Kr.350m. (€39m.) during the financial year ended on March 31.

Demand for the company's specialised products, in which it is the world leader, weakened during the second half of the year, and currency fluctuations led to losses, notably in the Japanese and American marketing subsidiaries. The yield on invested capital dropped from 11.6 per cent. to 11.4 per cent.

The annual report anticipates poorer results for the year 1975-76 following the market deterioration and cost increases, chiefly from new wage agreements, which may not be offset by higher prices.

At the same time Hiab-Foco is planning to improve its product range by introducing a remote-control system for its truck loaders and is developing a surface conditioning industrial robot in collaboration with the Swedish electronics company, RETAB. Gross investments in plant and machinery were nearly doubled last year, reaching Kr.38m.

The Board recommends that the dividend to the shareholder, the provision for investment, be raised by Kr.200,000 to Kr.1.5m., and that the share capital, already raised last year from Kr.16m. to Kr.20m., be increased by another Kr.4m. through a one-for-five bonus issue.

SHARES of Industrie-Werke Augsburg, suspended here ahead of an announcement from Commerzbank, a Quandt family spokesman said. The company, with DM88.64m. of basic capital, is over 50 per cent. owned by Quandt. Last week, the engineering firm said it would have to introduce a restructuring programme as it had been particularly hit by the general economic downturn.

Current losses of several million marks are covered by reserves, he added.

Reuter

Terukuni postpones talks

TERUKUNI KAIUN, the Japanese shipping company, said that cancellation negotiations scheduled to be held in Tokyo with several foreign shipowners have been postponed indefinitely.

The company declined to give a reason for the postponement.

Separately, Nichimen, a trading company, confirmed that it is registered as the borrower of Japan Export Import Bank funds necessary for the construction of a 260,000 deadweight-ton ore/oil carrier under construction by Ishikawajima-Harima Heavy Industries (IHI) for de-

livery to a Liberian affiliate of Terukuni Kaiun. The ship is scheduled to be chartered back to Terukuni, which reportedly has a one-year agreement with Mobil Oil to haul petroleum in the ship.

Japanese press reports said that the oil barge contract was fixed at rates so low that the company would lose \$2.2m. a year on the vessel. Terukuni officials said the situation "isn't so simple" however, as the vessel can haul ore as well. They declined to give any projected operating results.

Nichimen, which claimed to be only the nominal borrower from the Ex-Im Bank, declined to disclose the cost of the tanker, as did IHI.

A group of commercial banks led by Long-Term Credit Bank of Japan Ltd. is still attempting to determine what might be necessary to save Terukuni Kaiun.

Larger Israeli-U.S. link planned

By L. Daniel

TEL AVIV, Aug. 18. AGREEMENT IN principle has been reached to bring together the Israeli-American subsidiaries of the Exchange National Bank of Chicago, and the 16-branch Japhet Bank chain, which is controlled by Bank Hapoalim, Israel's second-largest banking group. The aim is to create a new, larger American Jewish banking entity with branches throughout Israel. Exchange National Bank of Chicago so far operates only in Tel Aviv and Jerusalem. Its chairman, Samuel Sax, told the FT to-night that he felt confident that the joint venture would maximise the opportunities for generating investment and trade between Israel and the U.S.

Japanese companies raise new equity

JAPAN LINE said it will issue new shares to increase its capital by 30 per cent. to ¥34.5bn., for the containerisation of its Japan-New Zealand service.

The new shares will be allotted at par to shareholders as of September 30 at the rate of three new shares to 10 old, with payments to be completed by September 30.

Meanwhile, Nippon Steel is to increase its capital by 40 per cent. to ¥32.2bn. through the issue of new shares, to raise funds for investment in plant and equipment.

The new shares will be allotted to shareholders as of September 30 at the rate of four new shares for ten old, with payment to be completed by December 28.

Reuter

HK Electric drops bid

HONG KONG Electric Co. said that its offer for Hong Kong and China Gas Co. will be allowed to lapse.

It said in a statement that the conditions attached to the offer, which closed at 1530 hours (local time) to-day, have not been fulfilled and it has therefore been decided to allow the offer to lapse. HK Gas opposed the

offer and advised its shareholders to reject the bid.

The Hong Kong Securities Commission has published a Code on takeovers and mergers which provides guidelines for companies and their advisers who contemplate or become involved in takeovers or mergers.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS		Yld	Offer	STRAIGHTS		Yld	Offer
Amstar 5 1/2% 1980	98	100	Parade Light 5 1/2% 1980	95	97	95	97
Amstar 6 1/2% 1980	98	100	Parade 5 1/2% 1980	95	97	95	97
Amstar 7 1/2% 1980	98	100	Parade 6 1/2% 1980	95	97	95	97
Amstar 8 1/2% 1980	98	100	Parade 7 1/2% 1980	95	97	95	97
Amstar 9 1/2% 1980	98	100	Parade 8 1/2% 1980	95	97	95	97
Amstar 10 1/2% 1980	98	100	Parade 9 1/2% 1980	95	97	95	97
Amstar 11 1/2% 1980	98	100	Parade 10 1/2% 1980	95	97	95	97
Amstar 12 1/2% 1980	98	100	Parade 11 1/2% 1980	95	97	95	97
Amstar 13 1/2% 1980	98	100	Parade 12 1/2% 1980	95	97	95	97
Amstar 14 1/2% 1980	98	100	Parade 13 1/2% 1980	95	97	95	97
Amstar 15 1/2% 1980	98	100	Parade 14 1/2% 1980	95	97	95	97
Amstar 16 1/2% 1980	98	100	Parade 15 1/2% 1980	95	97	95	97
Amstar 17 1/2% 1980	98	100	Parade 16 1/2% 1980	95	97	95	97
Amstar 18 1/2% 1980	98	100	Parade 17 1/2% 1980	95	97	95	97
Amstar 19 1/2% 1980	98	100	Parade 18 1/2% 1980	95	97	95	97
Amstar 20 1/2% 1980	98	100	Parade 19 1/2% 1980	95	97	95	97
Amstar 21 1/2% 1980	98	100	Parade 20 1/2% 1980	95	97	95	97
Amstar 22 1/2% 1980	98	100	Parade 21 1/2% 1980	95	97	95	97
Amstar 23 1/2% 1980	98	100	Parade 22 1/2% 1980	95	97	95	97
Amstar 24 1/2% 1980	98	100	Parade 23 1/2% 1980	95	97	95	97
Amstar 25 1/2% 1980	98	100	Parade 24 1/2% 1980	95	97	95	97
Amstar 26 1/2% 1980	98	100	Parade 25 1/2% 1980	95	97	95	97
Amstar 27 1/2% 1980	98	100	Parade 26 1/2% 1980	95	97	95	97
Amstar 28 1/2% 1980	98	100	Parade 27 1/2% 1980	95	97	95	97
Amstar 29 1/2% 1980	98	100	Parade 28 1/2% 1980	95	97	95	97
Amstar 30 1/2% 1980	98	100	Parade 29 1/2% 1980	95	97	95	97
Amstar 31 1/2% 1980	98	100	Parade 30 1/2% 1980	95	97	95	97
Amstar 32 1/2% 1980	98	100	Parade 31 1/2% 1980	95	97	95	97
Amstar 33 1/2% 1980	98	100	Parade 32 1/2% 1980	95	97	95	97
Amstar 34 1/2% 1980	98	100	Parade 33 1/2% 1980	95	97	95	97
Amstar 35 1/2% 1980	98	100	Parade 34 1/2% 1980	95	97	95	97
Amstar 36 1/2% 1980	98	100	Parade 35 1/2% 1980	95	97	95	97
Amstar 37 1/2% 1980	98	100	Parade 36 1/2% 1980	95	97	95	97
Amstar 38 1/2% 1980	98	100	Parade 37 1/2% 1980	95	97	95	97
Amstar 39 1/2% 1980	98	100	Parade 38 1/2% 1980	95	97	95	97
Amstar 40 1/2% 1980	98	100	Parade 39 1/2% 1980	95	97	95	97
Amstar 41 1/2% 1980	98	100	Parade 40 1/2% 1980	95	97	95	97
Amstar 42 1/2% 1980	98	100	Parade 41 1/2% 1980	95	97	95	97
Amstar 43 1/2% 1980	98	100	Parade 42 1/2% 1980	95	97	95	97
Amstar 44 1/2% 1980	98	100	Parade 43 1/2% 1980	95	97	95	97
Amstar 45 1/2% 1980	98	100	Parade 44 1/2% 1980	95	97	95	97
Amstar 46 1/2% 1980	98	100	Parade 45 1/2% 1980	95	97	95	97
Amstar 47 1/2% 1980	98	100	Parade 46 1/2% 1980	95	97	95	97
Amstar 48 1/2% 1980	98	100	Parade 47 1/2% 1980	95	97	95	97
Amstar 49 1/2% 1980	98	100	Parade 48 1/2% 1980	95	97	95	97
Amstar 50 1/2% 1980	98	100	Parade 49 1/2% 1980	95	97	95	97
Amstar 51 1/2% 1980	98	100	Parade 50 1/2% 1980	95	97	95	97
Amstar 52 1/2% 1980	98	100	Parade 51 1/2% 1980	95	97	95	97
Amstar 53 1/2% 1980	98	100	Parade 52 1/2% 1980	95	97	95	97
Amstar 54 1/2% 1980	98	100	Parade 53 1/2% 1980	95	97	95	97
Amstar 55 1/2% 1980	98	100	Parade 54 1/2% 1980	95	97	95	97
Amstar 56 1/2% 1980	98	100	Parade 55 1/2% 1980	95	97	95	97
Amstar 57 1/2% 1980	98	100	Parade 56 1/2% 1980	95	97	95	97
Amstar 58 1/2% 1980	98	100	Parade 57 1/2% 1980	95	97	95	97
Amstar 59 1/2% 1980	98	100	Parade 58 1/2% 1980	95	97	95	97
Amstar 60 1/2% 1980	98	100	Parade 59 1/2% 1980	95	97	95	97
Amstar 61 1/2% 1980	98	100	Parade 60 1/2% 1980	95	97	95	97
Amstar 62 1/2% 1980	98	100	Parade 61 1/2% 1980	95	97	95	97
Amstar 63 1/2% 1980	98	100	Parade 62 1/2% 1980	95	97	95	97
Amstar 64 1/2% 1980	98	100	Parade 63 1/2% 1980	95	97	95	97
Amstar 65 1/2% 1980	98	100	Parade 64 1/2% 1980	95	97	95	97
Amstar 66 1/2% 1980	98	100	Parade 65 1/2% 1980	95	97	95	97
Amstar 67 1/2% 1980	98	100	Parade 66 1/2% 1980	95	97	95	97
Amstar 68 1/2% 1980	98	100	Parade 67 1/2% 1980	95	97	95	97
Amstar 69 1/2% 1980	98	100	Parade 68 1/2% 1980	95	97	95	97
Amstar 70 1/2% 1980	98	100	Parade 69 1/2% 1980	95	97	95	97
Amstar 71 1/2% 1980	98	100	Parade 70 1/2% 1980	95	97	95	97
Amstar 72 1/2% 1980	98	100	Parade 71 1/2% 1980	95	97	95	97
Amstar 73 1/2% 1980	98	100	Parade 72 1/2% 1980	95	97	95	97
Amstar 74 1/2% 1980	98	100	Parade 73 1/2% 1980	95	97	95	97
Amstar 75 1/2% 1980	98	100	Parade 74 1/2% 1980	95	97	95	97
Amstar 76 1/2% 1980	98	100	Parade 75 1/2% 1980	95	97	95	97
Amstar 77 1/2% 1980	98	100	Parade 76 1/2% 1980	95	97	95	97
Amstar 78 1/2% 1980	98	100	Parade 77 1/2% 1980	95	97	95	97
Amstar 79 1/2% 1980	98	100	Parade 78 1/2% 1980	95	97	95	97
Amstar 80 1/2% 1980	98	100	Parade 79 1/2% 1980	95	97	95	97
Amstar 81 1/2% 1980	98	100	Parade 80 1/2% 1980	95	97	95	97
Amstar 82 1/2% 1980	98	100	Parade 81 1/2% 1980	95	97	95	97

FARMING AND RAW MATERIALS

Outlook for platinum good

By John Wicks

ZURICH, August 18.—PROSPECTS FOR an increased demand for platinum at an enhanced price seem bright, according to an article by Mr. D. R. Dumeil, managing director of Johnson, Matthey & Co., the monthly "Bulletin" of the Swiss Credit Bank. The outlook for new and continued use of the metal is good, says Mr. Dumeil, while the present depressed price is probably too low to encourage producers to expand output.

Demand for platinum jewellery in Japan is unabated, while a sales promotion campaign in the U.S. has been helped by gold being close to its highest price ever—increasing the use of platinum in medium-priced fine jewellery.

In technical uses, it is in the catalyst area where the role of platinum seems most likely to grow, use of electrode material in fuel cells providing the largest potential. Despite disappointing figures for U.S. car production, the introduction of exhaust catalysts there also represented a new outlet for the metal, expanding the market for new platinum by 10 per cent in the first year.

Continuing, says Mr. Dumeil, will almost certainly be used as a catalyst to deal with car pollution in other countries—especially Japan and possibly in Europe.

Copper stocks up more than expected

By John Edwards, Commodities Editor

A BIGGER than expected rise in copper stocks took the London Metal Exchange by surprise yesterday. But prices remained firm on speculative buying interest.

Prices reached a ten-month high in the morning before closing marginally up on the day. The stocks rose to 10,475 tonnes, raising the total to 383,800 tonnes, well above last week's predictions, but having little impact on market sentiment at present.

A rise of 80 tonnes in tin stocks, to a total of 5,435 tonnes, was more than expected, but again had little effect except for encouraging the widening of the cash price discount to the three months quotation.

Lead stocks, as expected, increased by 2,075, to 65,900 tonnes, while zinc stocks declined by 225, to 33,925 tonnes. LME silver holdings rose by 170,000, to 16,530,000 ounces.

Coffee market rises as shortage battle looms

BY RICHARD MOONEY

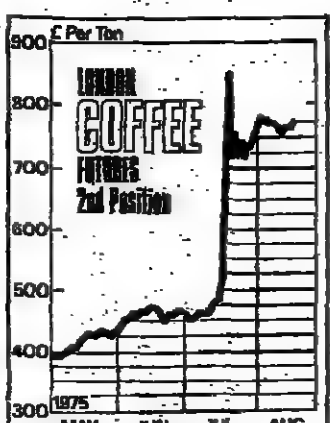
COFFEE FUTURES prices rose sharply on the London terminal market yesterday, the November position ending at 277.75 a tonne, £14 above Friday's closing level. The rise was seen mainly as a response to the sudden upsurge on the New York market after London had closed on Friday. This followed a report that El Salvador had sharply increased coffee export prices.

Dealers said yesterday's rise on the London market was also helped by signs of increased continental demand for physical coffee. However, actual trading in the U.K. was still virtually at a standstill.

In Brazil, meanwhile, Coffee Institute (IBC) president Sr. Camillo Calazans, has issued a warning to consumers of Brazil's determination to maintain its earnings from coffee exports.

Answering criticisms from importers who have complained that Brazilian coffee prices are at an unattractive premium over other types, he told a coffee seminar in Guarani at the weekend he thought world coffee prices would rise further. He added that he was confident that Brazil would win any "price war".

But British, Swedish and Danish importers attending the seminar all warned that imports of Brazilian coffee may have to be reduced if the premium is maintained. Swedish and Danish



representatives said coffee was losing ground to tea in their countries, while a U.K. importer forecast a marked drop in British coffee drinking when recent severe price rises reached the consumer.

However, coffee has been dearer than that from other origins for some time, but this has been compensated for by discounts included in the special deals, under which Brazil currently sells most of its coffee.

Following the recent frost, however, the IBC announced that it would not be renewing these deals.

According to coffee trade sources, the premium level of production within four years.

roasters—whose stocks are relatively low—avoid buying the high-priced Brazilian coffee? If they remain adamant, Brazil presumably will be forced to reduce the contribution quota (export tax) which at present accounts for some 15 per cent of the total export price.

Brazil is marking time, meanwhile, having that other producers will raise their export prices, and for the time being circumstances seem to be favouring this policy. Shipment problems are preventing the despatch of coffee from African producers such as Angola and Uganda, while Central America does not seem to have enough to satisfy world demand for more than a few months.

Sr. Calazans told delegates at the seminar that next year's Brazilian crop might be less than 50,000 bags, compared with 21m this year. "Evidently there will be a coffee shortage in Brazil," he said. "And it is logical that Brazil will make a careful selection of its customers and try to meet the requirements of those who usually buy our coffee, or who use Brazilian coffee in their blends to a larger extent."

He declared, however, that Brazil would not renounce its role as a major coffee producer, and said it would bring back to the market the traditional level of production within four years.

Disagreement at whale catch talks

TOKYO, August 18.

OFFICIALS FROM South Africa, Brazil, Japan and the Soviet Union were discussing the individual catch quotas of seal and minke whales for this season in the southern hemisphere, the Japanese Fishery Agency said.

The talks, which began late last week, were due to last for only two days but had been extended because of disagreement.

They were a follow-up of the International Whale Conference in London in June, where the catch limit was set at 2,330 tons for seal whales and 6,310 for minke whales, the agency said.

Conference sources said the present talks were expected to reach agreement on national quotas by tomorrow.

Harvesting early but yields down

WITH COMBINES busy in thousands of dusty fields, about half of this year's harvest of barley and oats has already been gathered in, and nearly one-third of the wheat.

The Ministry of Agriculture's weekly crop report, issued yesterday, says that the week-end rain ended the spell of hot, dry weather, but the cereal harvest "continued at a great pace".

Yields are variable but, overall, are likely to be below last year's.

More rain is needed to bulk up the potato crop, now suffering from the dry weather. The crop remains largely free from blight. Sugar beet also needs more rain and the Ministry says that given normal rain from now on, average yields per acre can be expected.

Farmers' wives from the south will deliver a petition and an empty milk bottle to 10 Downing Street to-day, protesting about the plight of Britain's dairy farmers. It is claimed that the first time that farmers' wives have taken a petition to number 10, the Prime Minister is on holiday, however, in the Solihull Isles.

Good early rice crops in China

HONG KONG, August 18.

THREE MAJOR rice producing provinces in South China—Kwantung, Hupoh and Kiangsu—have reaped good early rice crops this summer, the New China News Agency reports.

It says Kwantung achieved good yields from more than 2m hectares, following its excellent harvest last year. In Hupoh both total output and per-hectare yield for the 1,067,000 hectares hit an all-time high, while there was a good harvest from the 670,000 hectares in Kiangsu.

The Agency did not give the total crop yield from the three provinces, but says between six and 7.5 tons of grain per hectare have been reaped.

JAPAN TO BUY EGYPT COTTON

OSAKA, August 18.

Japan is expected to buy 50,000 to 60,000 bales of 1975-76 crop Egyptian cotton, informed industry sources said. They estimated the deal at 100 U.S. cents per pound, c.i.f. Japan.

Japan made no purchases from the 1974-75 crop because of the domestic recession.

SUGAR SUPPLIES

Only a downpour can save U.K. beet crop

By DAVID RICHARDSON

THE KEY phrase in last week's optimistic British Sugar Corporation production of sugar yield from the U.K. beet crop is "if the weather is favourable". Words which conceal the desperate need for immediate rain in beet-growing areas, without which this year's crop would turn out to be a very much smaller disaster than last year's.

The official BSC forecast of 800,000 to 850,000 tons of total sugar yield is, in any case, 50,000 tons lower than previous forecasts, against a target of 1,040m.

Test diggings by BSC field men last week gave average root weights of 371 grammes and average sugar content of just under 15 per cent. In mid-August, 1974, comparable figures were 330 grammes and a little over 13 per cent sugar.

Root weights are, therefore, 18 per cent below those of last year, and although the higher sugar content appears on the face of it to partly compensate for the lower roots, much of this is because of severe dehydration.

But even this more modest estimate must be based more on faith than on the state of the crop at the moment.

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which the roots are carried on to trailers.

The links have lateral bars about two inches to three inches apart, so that unwanted small stones and soil can fall between them back on to the land. There is a danger that many small beet will be lost through those chains when harvesting begins in five to six weeks, and that they can be lifted from the rock-hard ground.

It is almost inconceivable that two consecutive beet crops should be so badly affected by weather. Somadly growers

look so bad. They too have been willing alarmingly in the past but still manage to perk up at night.

Farmers able to water their crops will benefit considerably and could well harvest bumper yields. But it has been estimated that it is only possible to irrigate about 5 per cent of the national beet acreage.

Transpiration

Meanwhile, most sugar beet growers, practically all of whom grow cereals, find themselves in the paradoxical situation of wanting rain in the middle of the corn harvest.

In my own district of Norfolk, the county in which quarter of British sugar beet is grown, only about 1.5 inches of rain has fallen since the end of May, while temperatures—and therefore transpiration rates—have been the highest for years.

There have been a few isolated storms which have freshened up small areas, but in the main there has been enough rain to dry the soil. What it needed is 24 to 48 hours of steady downpour.

There is no doubt that the Board of the BSC is in a difficult position. Having, as we have seen, increased output, and committed itself to massive capital expenditure on factory expansion, it is now faced with the prospect of working at well below capacity for the second year running.

How much below is still impossible to know, but suffice to say that one BSC man—faced with the dilemma of predicting yields and he had never seen anything like this year's sugar beet in a lifetime of dealing with the crop.

Depending on the weather, he reckoned that the yield could be anything between 1.5 and 7 tons per acre. Without commenting on which of these two wildly different figures might be nearest to that realised, it should be pointed out that the lower figure implies a total sugar yield of only about 450,000 tons—considerably worse than even last year's disastrous crop.

Jute policy a test for Bangladesh

BY OUR ASIA CORRESPONDENT

ONE OF THE first tests for the new Bangladesh administration will be the way it handles its jute policy. President Khondkar Mushtaq Ahmed has taken over at a difficult time, with the new crop expected to be between 4m and 4.5m bales—up to 80 per cent below the average of the 1960s.

On top of this, the full advantages of the devaluation of the taka have still to be worked out. The new Government's jute policy will be crucial in realising—or failing to realise—the benefits of the devaluation.

Jute and jute goods account for 58 per cent of Bangladesh's export earnings, and the country has no other potential export to which it can readily turn.

Another important factor is that the U.S. economy is expected to pick up as the year

goes on, and with it the vital house-building and carpet markets in the United States.

President Khondkar Mushtaq Ahmed has taken over at a difficult time, with the new crop expected to be between 4m and 4.5m bales—up to 80 per cent below the average of the 1960s.

On top of this, the full advantages of the devaluation of the taka have still to be worked out. The new Government's jute policy will be crucial in realising—or failing to realise—the benefits of the devaluation.

Jute and jute goods account for 58 per cent of Bangladesh's export earnings, and the country has no other potential export to which it can readily turn.

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COFFEE—Marginally higher on balance on the London Metal Exchange. Renewed speculative and industrial buying in early trading, followed by a sharp decline in forward metal moved up to 277.75 in one day, from 263.75 in the previous session. The rise was seen mainly as a response to the sudden upsurge on the New York market after London had closed on Friday. This followed a report that El Salvador had sharply increased coffee export prices.

Dealers said yesterday's rise on the London market was also helped by signs of increased continental demand for physical coffee. However, actual trading in the U.K. was still virtually at a standstill.

In Brazil, meanwhile, Coffee Institute (IBC) president Sr. Camillo Calazans, has issued a warning to consumers of Brazil's determination to maintain its earnings from coffee exports.

Answering criticisms from importers who have complained that Brazilian coffee prices are at an unattractive premium over other types, he told a coffee seminar in Guarani at the weekend he thought world coffee prices would rise further. He added that he was confident that Brazil would win any "price war".

But British, Swedish and Danish importers attending the seminar all warned that imports of Brazilian coffee may have to be reduced if the premium is maintained. Swedish and Danish

representatives said coffee was losing ground to tea in their countries, while a U.K. importer forecast a marked drop in British coffee drinking when recent severe price rises reached the consumer.

However, coffee has been dearer than that from other origins for some time, but this has been compensated for by discounts included in the special deals, under which Brazil currently sells most of its coffee.

Following the recent frost, however, the IBC announced that it would not be renewing these deals.

According to coffee trade sources, the premium level of production within four years.

roasters—whose stocks are relatively low—avoid buying the high-priced Brazilian coffee? If they remain adamant, Brazil presumably will be forced to reduce the contribution quota (export tax) which at present accounts for some 15 per cent of the total export price.

Brazil is marking time, meanwhile, having that other producers will raise their export prices, and for the time being circumstances seem to be favouring this policy. Shipment problems are preventing the despatch of coffee from African producers such as Angola and Uganda, while Central America does not seem to have enough to satisfy world demand for more than a few months.

Sr. Calazans told delegates at the seminar that next year's Brazilian crop might be less than 50,000 bags, compared with 21m this year. "Evidently there will be a coffee shortage in Brazil," he said. "And it is logical that Brazil will make a careful selection of its customers and try to meet the requirements of those who usually buy our coffee, or who use Brazilian coffee in their blends to a larger extent."

He declared, however, that Brazil would not renounce its role as a major coffee producer, and said it would bring back to the market the traditional level of production within four years.

The Agency did not give the total crop yield from the three provinces, but says between six and 7.5 tons of grain per hectare have been reaped.

Japan made no purchases from the 1974-75 crop because of the domestic recession.

which the roots are carried on to trailers.

The links have lateral bars about two inches to three inches apart, so that unwanted small stones and soil can fall between them back on to the land. There is a danger that many small beet will be lost through those chains when harvesting begins in five to six weeks, and that they can be lifted from the rock-hard ground.

It is almost inconceivable that two consecutive beet crops should be so badly affected by weather. Somadly growers

look so bad. They too have been willing alarmingly in the past but still manage to perk up at night.

Farmers able to water their crops will benefit considerably and could well harvest bumper yields. But it has been estimated that it is only possible to irrigate about 5 per cent of the national beet acreage.

Transpiration

Meanwhile, most sugar beet growers, practically all of whom grow cereals, find themselves in the paradoxical situation of wanting rain in the middle of the corn harvest.

In my own district of Norfolk, the county in which quarter of British sugar beet is grown, only about 1.5 inches of rain has fallen since the end of May, while temperatures—and therefore transpiration rates—have been the highest for years.

There have been a few isolated storms which have freshened up small areas, but in the main there has been enough rain to dry the soil. What it needed is 24 to 48 hours of steady downpour.

There is no doubt that the Board of the BSC is in a difficult position. Having, as we have seen, increased output, and committed itself to massive capital expenditure on factory expansion, it is now faced with the prospect of working at well below capacity for the second year running.

How much below is still impossible to know, but suffice to say that one BSC man—faced with the dilemma of predicting yields and he had never seen anything like this year's sugar beet in a lifetime of dealing with the crop.

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STOCK EXCHANGE REPORT

Equity leaders good and share index moves smartly through 300 mark with a gain of 11 points at 303.7

Account Dealing Dates

*First Declared Last Account Dealings Dates Aug. 1975
 July 28 Aug. 7 Aug. 8 Aug. 11
 Aug. 20 Aug. 21 Sep. 2 Aug. 22 Sep. 4 Sep. 18

*New time "dealings" may take place from 1.30 a.m. two business days earlier.

The second leg of the Account in stock markets began with a flourish yesterday. Leading industrials moved ahead smartly and the FT 30-share pushed up through the 300 mark to close at the day's best with a jump of 11 points to 303.7, making a rise of 24.9 so far on the Account. There was only a small expansion in the level of trading—official mark-making of 4,132 compared with 3,811 last Friday and 4,488 a week ago—but some fairly persistent buying found dealers' stock and prices reported accordingly.

British Funds were overshadowed by the strong performance of the equity leaders. Nevertheless, prices made little further progress, although the final tone was uncertain awaiting today's publication of the U.S. Treasury Bill rates. The Government Securities Index improved 0.41 to 88.72.

Gilt improve

With the ill-edged market's attention focused on the trend in both U.S. and domestic interest rates, other factors such as the July money supply figure and the Retail Price Index were disregarded. Interest continued to be concentrated on short-dated issues

with the low-coupon maturities once again foremost in the advance. The day's gains were clipped by late, however, following reports of a rise in U.S. Treasury bill rates. Similar reactions were experienced in the medium and long where, after another small trade, Treasury 13½ per cent, 1997, made the largest improvement of 3 to 95. Following news of the new Liverpool 13½ per cent, 1981, Loan, several recently-issued partly-paid Corporations went better: both the Barnet 13½ per cent, 1980, and Derby 13½ per cent, 1982, rose 2 to 11 and 11 respectively.

Banks firm

The big four Banks scored useful gains following persistent small buying in a market short of stock. Midland fared best, rising 13 to 245½, while Lloyds, 188p, and Treasury Bill rates, 1982, rose 2 to 11 and 11 respectively.

Stores wanted

Stores attracted an improved business and closed at, or near,

the day's best. British Home Stores advanced 12 to 297½, while Marks and Spencer finished better at 102p and "Gusset's" "A" 9½ higher at 104p. F.W. Woolworth, ahead of its 10-store, interim results, moved up 2½ to 45½p. H&M gained 3 to 81p and H&P, 5 to 107p. Buildings paraded several firm gains. Thyne Woodrow advanced 10 to 260p, R. Costain 5 to 167p.

Food Retailing

Food Retailing, the FT Actuaries Index, rose 1 to 140. The index, which tracks the performance of food retailers, showed a steady upward trend throughout the day, reflecting strong demand for food products.

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FINANCIAL TIMES STOCK INDICES									
	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10
Government Secs	88.72	88.31	88.02	87.88	87.66	87.52	87.38	87.24	87.10
Fixed Interest	88.65	88.26	87.97	87.83	87.61	87.47	87.33	87.19	87.05
Industrial Ordinary	303.7	299.7	295.1	294.6	290.0	285.3	280.6	275.9	271.2
Gold Mines	552.6	551.0	553.3	556.6	556.7	556.7	556.7	556.7	556.7
Orl. Div. Yld. %	6.82	7.06	7.06	7.00	7.10	7.10	7.10	7.10	7.10
Earnings Yld. (p/100)	19.66	20.39	20.38	20.21	20.42	20.55	20.68	20.81	20.94
P/B Ratio (net)	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Debt to Equity	4.152	3.811	3.664	3.664	3.664	3.664	3.664	3.664	3.664
Equity turnover %	36.18	36.18	36.18	36.18	36.18	36.18	36.18	36.18	36.18
Equity margins %	8.766	10.151	11.825	11.825	11.825	11.825	11.825	11.825	11.825

10 a.m. 208.2, 11 a.m. 208.6, Noon 208.6, 1 p.m. 208.2, 2 p.m. 208.5, 3 p.m. 208.5, 4 p.m. 208.5, 5 p.m. 208.5.

(a) Based on 50 per cent. corporation tax. (b) K.U. 7.25. (c) Based on 100 per cent. corporation tax. (d) K.U. 7.25. (e) Based on 100 per cent. corporation tax. (f) K.U. 7.25.

HIGHS AND LOWS									
	High	Low	High	Low	High	Low	High	Low	High
Govt. Secs	88.72	88.31	88.02	87.88	87.66	87.52	87.38	87.24	87.10
Fixed Int.	88.65	88.26	87.97	87.83	87.61	87.47	87.33	87.19	87.05
Ind. Ord.	303.7	299.7	295.1	294.6	290.0	285.3	280.6	275.9	271.2
Gold Mines	552.6	551.0	553.3	556.6	556.7	556.7	556.7	556.7	556.7
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S.E. ACTIVITY

For choice, but S. Hoddings remained a nervous market awaiting the results and lost 6 more to 75p. Improvements occurred in James Finlay, 143p, and Anglo-Tel, 102p, while Jamaica Sugar put on 2 to 20p and Harrison and Crossfield 10 to 900p.

Golds react

A dull market last Friday in response to adverse Press comment. Shipments perked up yesterday. P. and O. Deferred were well supported and closed 5 higher at 278p, while a revived speculative interest left Furness Withy similarly better at 217p.

Golds react

It was a quiet day in Mining markets. Gold shares opened on a firm note, following the improved market for bullion and higher transatlantic markets on Friday.

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F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Monday, August 18, 1975										Friday August 16	Thurs. August 14	Wed. August 13	Tuesday August 12	Year ago (approx)	Highs and Lows Index	
GROUPS & SUB-SECTIONS		Index No.	Day's Change %	Div. Yield %	Div. Yield %	Div. Yield %	Div. Yield %	Div. Yield %	Div. Yield %	Div. Yield %	Div. Yield %	Index No.	Index No.	Index No.	Index No.	Index No.	1970	Since Completion
Figures in parentheses show number of stocks per section.																		
																	High	Low

INDICES

3. ACTIVITIES

REGIONAL MARKETS

LENDING

RATES

YEAR ENDED 31 MARCH 1975

* Maximum permitted dividend paid. But for the restrictions, a substantially higher figure would have been

* Accumulated deferred profits of 25,765,000, which will flow into profits in future years.

crease over corresponding period.

COURTS (FURNISHERS) LIMITED

COURTS (FURNISHERS) LIMITED

Trial	Control	MCI	AD
1	85	75	65
2	88	78	68
3	90	80	70
4	92	82	72
5	95	85	75

If you have been happily married for 7 years or more, please send us £1; and why not ask your partner who may like to send us a £1 as well—to help us help others less fortunate.

53152

[illegible]

NOTES

include \$ premium, when are in pence unless otherwise allow for all buying expenses. Includes all expenses. a. e Yield based on offer price. Today's opening price. Free of U.K. taxes. x Offered all expenses except agent. Offered price includes a bought through manager price. y Not of tax on realized less indicated by 0.5 Guaranteed. z Single premium.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table with 4 columns: High, Low, Stock, Price. Lists various British funds and their share prices.

FRANKS AND HIRE PURCHASE

Table with 4 columns: High, Low, Stock, Price. Lists various companies in the Franks and Hire Purchase sector.

BUILDING INDUSTRY-Continued

Table with 4 columns: High, Low, Stock, Price. Continuation of the Building Industry sector.

DRAPERY AND STORES-Continued

Table with 4 columns: High, Low, Stock, Price. Continuation of the Drapery and Stores sector.

ENGINEERING-Cont.

Table with 4 columns: High, Low, Stock, Price. Continuation of the Engineering sector.

HOTELS-Continued

Table with 4 columns: High, Low, Stock, Price. Continuation of the Hotels sector.

INDUSTRIALS (Miscel)

Table with 4 columns: High, Low, Stock, Price. Miscellaneous industrial companies.

INTERNATIONAL BANK

Table with 4 columns: High, Low, Stock, Price. International bank shares.

CORPORATION BONDS

Table with 4 columns: High, Low, Stock, Price. Corporation bonds.

COMMONWEALTH & AFRICAN BONDS

Table with 4 columns: High, Low, Stock, Price. Commonwealth and African bonds.

LOANS (Miscel)

Table with 4 columns: High, Low, Stock, Price. Miscellaneous loans.

FOREIGN BONDS & RAILS

Table with 4 columns: High, Low, Stock, Price. Foreign bonds and rails.

U.S. & DM Prices excl. inv. & premium

Table with 4 columns: High, Low, Stock, Price. U.S. and DM prices.

AMERICANS

Table with 4 columns: High, Low, Stock, Price. American companies.

CANADIANS

Table with 4 columns: High, Low, Stock, Price. Canadian companies.

BEERS, WINES AND SPIRITS

Table with 4 columns: High, Low, Stock, Price. Beers, wines, and spirits.

BUILDING INDUSTRY, TIMBER & ROADS

Table with 4 columns: High, Low, Stock, Price. Building industry, timber, and roads.

CHEMICALS, PLASTICS

Table with 4 columns: High, Low, Stock, Price. Chemicals and plastics.

CINEMAS, THEATRES AND TV

Table with 4 columns: High, Low, Stock, Price. Cinemas, theatres, and TV.

DRAPERY AND STORES

Table with 4 columns: High, Low, Stock, Price. Drapery and stores.

ENGINEERING, MACHINE TOOLS

Table with 4 columns: High, Low, Stock, Price. Engineering and machine tools.

FOOD, GROCERIES, ETC.

Table with 4 columns: High, Low, Stock, Price. Food, groceries, etc.

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Table with 4 columns: High, Low, Stock, Price. Food, groceries, etc.

HOTELS & CATERERS

Table with 4 columns: High, Low, Stock, Price. Hotels and caterers.

Box 150

MINES

13.4 This service is available to every Company dealt in on
13.4 Stock Exchanges throughout the United Kingdom for a
11.6 fee of £325 per annum for each security
14.5

AUEW calls for action on jobless

By John Elliott, Labour Editor

ENGINEERING UNION leaders have stepped up their opposition to the Government's present economic policies in readiness for debates at the annual Trades Union Congress which meets in Blackpool in two weeks' time.

The final agenda for the Congress is published this morning and shows that the Amalgamated Union of Engineering workers, already in the forefront of attack on the Government's 56 a week pay policy, has tabled an eight-point plan of action on unemployment for the Government and trade unions.

It calls on the Government to control the export of capital and cut arms expenditure, to raise consumption by increasing wages and public expenditure, to extend public ownership, and to direct industry to low employment areas.

Trade unions are urged to ward off large-scale unemployment by "maximum employer action with all affected workers" a shorter working week and longer holidays, reduction in overtime, and a rejection of voluntary redundancies.

These points have been tabled by the AUEW in a letter to the Government, and a resolution from the General and Municipal Workers Union. It stands alongside a selection of other resolutions on economic affairs, including one from the Association of Scientific, Technical and Managerial Staffs opposing all state-varying interference in wage bargaining.

These resolutions will now be merged for the Congress into one or two which back the Government and one or two in opposition. In addition the TUC's policy document published yesterday which embraces the 56 limit will also be put to the Congress and, despite the heavy weight intervention of the AUEW, is still likely to be approved by about 8m. to 3m. votes.

But by the time the Congress opens, attention may have been diverted to the position of Left-winger Mr. Reg Birch who has been nominated by his union, the AUEW, for membership of the TUC general council in place of Mr. John Boyd, the Right-winger new general secretary of the union.

A significant number of unions are now considering registering their disapproval of the AUEW allowing its internal political infighting to lead to Mr. Boyd being replaced by Mr. Birch.

As a result, they may vote for an alternative candidate from the Patternmakers and Allied Craftsmen.

'Blatant overspending by Government'

By Anthony Harris

THE PUBLIC expenditure figures for July, shown in the official figures for Consolidated Fund and Supply Service expenditure are much worse than comment to date—some of it inspired from Whitehall—has suggested, according to stockbrokers W. Greenwell and Co.

Properly interpreted, they claim, the figures show that cash disbursement in the first four months of this year were 50 per cent. higher than in the same period a year earlier.

"There is no excuse for such an increase," Greenwell says. "It is blatant overspending."

The attack by Greenwell is based on two points which have not hitherto come to light.

The most important is that the Consolidated Fund figures include a provision—no less than \$470m. for expenditure which was not provided for in the Supply votes by Parliament, and for which no supplementary estimate has yet been presented.

This reflects the extent to which spending, mainly because of inflation, has already outstripped the official estimates presented with the Budget.

This is much the biggest factor in the Consolidated Fund expenditure in July showed

% growth of Consolidated fund expenditure over same period 12 months earlier		
	Unadjusted	Adjusted
July 1975	45	56
June-July	42	49
May-July	43	49
April-July	45	50
January-July	38	40

an increase which was \$588m. more than the £1.9bn. rise in supply service expenditure, the figure on which most comment has been based.

"Analysis should be based on Consolidated Fund expenditure rather than supply service expenditure," Greenwell claims. The brokers have also made a further adjustment—carried forward from their earlier comments on public expenditure—to take account of the Government loans made to the building societies last year, which for reasons of administrative convenience were shown in the accounts as Government expenditure rather than as a loan.

This distortion, makes last year's expenditure appear higher than it was, and thus tends to produce understated figures for the underlying growth of regular public sector expenditure.

The adjusted and unadjusted figures for the growth of Consolidated Fund expenditure on these two bases is shown in the accompanying table.

Greenwell further point out that expanded outlays from the National Insurance fund on account of rising unemployment are not included in the accounts for Consolidated Fund expenditure, so that there may be further unexplained growth in public outlays.

In past bulletins, Greenwell has stressed that the monthly figures for cash outlays in the public sector are subject to large fluctuations, and must therefore be interpreted with caution.

They have also pointed out that the growth of expenditure would be higher in the early months of the current year than later in the year if official expectations of a slowing of the inflation rate were borne out, and as a result more recently of the 26 pay limit.

"These figures are bad, but perhaps they represent a last ditch," said a Greenwell partner last night. "But there is no sign yet that spending is under control."

High Jobless forecast, Page 7

Yard to probe casino loss

By Michael Thompson-Niel

SCOTLAND YARD'S Fraud Squad has been asked to investigate losses put at around \$300,000 within the Curzon House Group casino subsidiary of J. Coral Holdings, the publicly quoted gambling and leisure combine.

After an emergency Board meeting yesterday, the Coral directors said: "Certain internal reporting irregularities have been discovered in the company's casino division and the Fraud Squad has been asked to undertake an investigation."

Week-end reports that the sum involved was between £2m. and £10m. were denied. The Coral share price closed 5p down at 81p after an initial fall of 8p.

Coral's official statement yesterday said the Board was satisfied that its £4.53m. trading profits for 1974 and its record £23.59m. before tax for the first half of this year "are not overstated and would only have been improved had the incident under inquiry not taken place."

Until the Fraud Squad's inquiry was completed, said the directors, the amount involved could not be determined.

The directors said they were "satisfied that the nature of the irregularities is such as to have little or no adverse effect on cur-

rent or future profits, or liquidity, nor is it expected that the company will suffer any abnormal increases in its liabilities." The Gaming Board has been informed of the situation.

The most embarrassing mystery for the Coral directors lies in determining the period over which the alleged losses occurred. A Board member said: "It could have been a period of from six months to three years."

Security issue
Asked about its implications for the casino division's security, surveillance and accounting procedures, he said: "We will not be able to tell until the Fraud Squad have made their report."

Coral's other main activities include betting shops, bingo halls, property and leisure.

Although profits on the casino side have fluctuated considerably, this has in the past been attributed to adverse runs of misfortune at the tables. Last night the U.K. media decided to forecast the degree to which "irregularities" had contributed to the pattern.

The Coral casino division was bought in November, 1971, for

£8m. At that time a Coral spokesman described gaming as "a strict financial operation: not so much boozing and bunnies, more chartered accountants and security."

The company spent £1m. on restoring Crookford's Owen Jones interior and launched it with 18 parties over three weeks which disposed of 3,000 bottles of champagne, 1,800 lobsters, 2,500 lbs. of strawberries and raspberries and 3 cwt. of scampi.

But Crookford's took longer to reach profitability than had been expected. The Curzon House Group's pre-tax profit for 1974 was £2.44m. In 1973 this topped at £1.6m. before recovering to £2m. pre-tax last year on a turnover of £8.8m.

In reviewing the first six months of 1975, the Coral Board last night said the casino division, while trading profitably, has been somewhat disappointing as compared with the previous year.

Part of the wider background to Coral's decision to call in the Gaming Board is the Gaming Board's decision to ban the amount of cheating in British casinos. In April Sir Stanley Raymond, the Gaming Board chairman, described 1974 as "the year of the cheat."

DoT warns airlines over commissions

By Michael Donne, Aerospace Correspondent

THE Department of Trade has told all the 88 airlines which fly into and out of the U.K. that unless they can settle among themselves the present problems of "discounting" of air fares and the payment of excessive commissions to travel agents, it will not hesitate to use its powers to stamp out these practices.

The DoT's letter follows that in Pan American last week, requiring that the airline fit into line with the rates of commission approved by Mr. Peter Shore, Secretary for Trade.

That request represented the first use of the DoT's powers to move on foreign airlines conditions relating to agents' commissions, following confirmation by the Court of Appeal that those powers existed.

The effect of the DoT's latest letter to all the 88 airlines, British and foreign, operating to and from this country, is to point out its growing concern at

excessive commission rates and other malpractices such as offering discounts on some air tickets. Although in the short run these benefits passengers, in the long run they work to the disadvantage of all. They are also having an extremely damaging effect on airline finances, which are already under considerable strain.

"We therefore welcome the initiative of the airlines themselves, through the 'Operation Clean-Up' campaign, to eliminate discounting and other malpractices area by area, by common agreement. We also welcome the action that the IATA is taking to strengthen its enforcement machinery."

"We would prefer to see this problem solved by voluntary action and wish these efforts all success. If, however, they should be unsuccessful, or if a few airlines stand aside, we shall not hesitate to use the powers that the Court of Appeal have now confirmed."

U.S. unions put ban on grain for Russia

By Adrian Dicks

WASHINGTON, Aug. 18.

THE AFL-CIO trade union organisation, focus of the strong political opposition to American grain sales to Russia, decided today to ban the loading of all ships earmarked for transport of the 9.5m. tons so far purchased by Moscow this year.

Mr. George Meany, president of AFL-CIO, announced here that members of the International Longshoremen's Association in Houston had this morning been ordered off vessels waiting to take on grain for the USSR.

The ban has been under discussion for several weeks. Soon after the main Soviet orders were received, the ILA, representing dockers at Gulf, East Coast and Great Lakes ports, voted to give its president, Mr. Thomas Gleason, power to block the shipments unless he was satisfied that there would be no impact on domestic food prices.

It is not entirely clear yet how effective the ILA ban will be in holding up the export shipments.

At least half

As Mr. Meany's statement today made clear, the U.S. union movement is equally concerned to secure at least half of the trade for U.S. vessels—a proportion that would be a major improvement on the 1972 agreement. Then they were given one-third, against one-third each for Soviet and third-country shipping.

The Agriculture Secretary, Mr. Earl Butz, has attacked the boycott as inspired principally by this protectionist concern. None the less, anxiety for the food price effects of the Soviet purchases is running extremely high, and there will be close scrutiny of the revised forecasts due to be published by the Department on Thursday.

UDA plans poll—but 'summit' unlikely

By Giles Merritt

BELFAST, August 18.

THE CHANCES of a top-level "summit" between Ulster's warring paramilitary organisations, called for yesterday by the Official IRA, today seemed slim.

The two main Loyalist private armies, the Ulster Defence Association and the Ulster Volunteer Force, have greeted the initiative with lukewarm enthusiasm. But the two most militant Republican groups in the Province have made it plain that they have no intention of taking part in such talks.

The summit meeting was suggested 24 hours ago by the Belfast command of the Official IRA as the only way of ending the spiral of sectarian reprisals that by the weekend had claimed 11 lives and more than 200 casualties in seven days.

The UVF was first to reply to the move with a statement that it remained suspicious of the idea, but did not flatly turn it down.

Survey

This morning the UDA announced that it is to conduct a door-to-door survey of Loyalists before deciding either way.

Though the Province today enjoyed its third successive day of relative peace, the UDA plan to conduct an opinion poll makes it impossible for an immediate summit capable of ending Ulster's latest terror crisis.

As stated, however, came after UDA leaders had met with their counterparts in the Ulster Freedom Fighters, an outlawed and highly militant group that is reputedly an offshoot of the UVF, to discuss UFF threats to launch an major offensive.

The UFF has been threatening to call off its so-called truce and presumably join in the sectarian war, but it could be that the UFF, in a walk-and-speak statement on the summit plan indicates that for the time being it has discussed the UFF from that course.

Weather

U.K. TO-DAY

MAINLY dry, some rain in West.

Winds, S.E. and E. England, E. Anglia.

Mainly dry with sunny spells, becoming cloudy later. Wind variable becoming S, light. Max. 24C (75F).

Midlands, Cent. S. Cent. N. and N.E. England.

Dry at first with bright or sunny spells, becoming cloudy with some rain. Wind S, light. Max. 22C (72F).

Channel Isles, S.W. and N.W. England, S. and N. Wales. Cloudy, occasional rain or drizzle, hill and coastal fog patches. Wind S.W. light or moderate. Max. 20C (68F).

Lakes, I. of Man, S.W. Scotland, Argyll, N. Ireland. Mostly cloudy, occasional rain or drizzle, hill and coastal fog patches. Wind S, light or moderate. Max. 18C (64F).

Borders, Edinburgh, Dundee, Glasgow, Cent. Highlands, N.W. Scotland. Bright or sunny intervals. Becoming cloudy, some rain. Wind S.E. light. Max. 17C (63F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland. Sunny spells, becoming cloudy later. Wind S, light. Max. 15C (59F).

Outlook: Rain at first over England and Wales, otherwise showery with sunny periods.

Lighting-up: London 20.47, Manchester 21.01, Glasgow 21.19, Belfast 21.20.

BUSINESS CENTRES

	Y-day	Mid-day	T-day
Athens	28	34	32
Bombay	28	34	32
Buenos Aires	28	34	32
Calcutta	28	34	32
Canton	28	34	32
Colon	28	34	32
Hankow	28	34	32
Harbin	28	34	32
Hong Kong	28	34	32
Kobe	28	34	32
London	28	34	32
Lyons	28	34	32
Manila	28	34	32
Medan	28	34	32
Metz	28	34	32
Montevideo	28	34	32
Moscow	28	34	32
Mumbai	28	34	32
Nairobi	28	34	32
Osaka	28	34	32
Paris	28	34	32
Rangoon	28	34	32
San Francisco	28	34	32
Singapore	28	34	32
Sourabaya	28	34	32
Tokyo	28	34	32
Yokohama	28	34	32

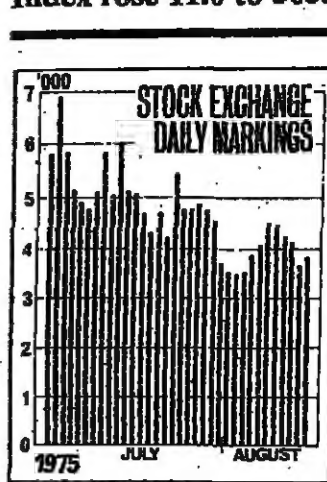
HOLIDAY RESORTS

	Y-day	Mid-day	T-day
Alicante	28	34	32
Almeria	28	34	32
Batumi	28	34	32
Blackpool	28	34	32
Bordeaux	28	34	32
Buenos Aires	28	34	32
Casablanca	28	34	32
Cape Town	28	34	32
Colon	28	34	32
Dubrovnik	28	34	32
Funchal	28	34	32
Gibraltar	28	34	32
Havana	28	34	32
Jersey	28	34	32
London	28	34	32
Luxembourg	28	34	32

THE LEX COLUMN

Corporations go longer

Index rose 11.0 to 303.7



Local borrowing

The City of Liverpool's £30m. loan is by far the biggest local authority offer since the £75m. GLC issue in April and it takes the total of corporation loans this year up to £158m., which is comfortably more than for the last two years combined. Indeed in the unreciprocal market conditions of 1973 and 1974, local authorities were steady net redeemers of listed securities; at the same time their longer-term borrowing from the Public Works Loan Board has increased less rapidly than total debt. The result has been a sharp increase in borrowing of less than a year; this has risen from 18.1 per cent. of new debt issues in 1972-73 to 30.7 per cent. in the last financial year, with the proportion over 10 years dropping from 17.7 per cent. to under 2 per cent.

Consequently, some local authorities have come up near to the 20 per cent. limit for their ratio of debt of under a year to the total outstanding. So there has been an understandable move to switch the average debt maturity longer in the last few months—even if only to the 1980 to 1983 range applying to all the recent corporation loans.

Local authorities are, however, finding it relatively more expensive to borrow than a few years ago. The recent debate about the need for tighter controls on council spending and this year's events in New York have resulted in a widening of the yield differential over gilts. Whereas in the early 1970s the margin was often a 1%, or even 50p in some cases, the gap is now over £1.50—and there has been a widening up to around £2 since the GLC issue flopped. £4.5m. of last March. Even if the Liverpool loan offers a gross redemption yield of 13.89 per cent. over Treasury 1980-82, and £1.50 over the 1983 stock—partly explained by the size of the issue. The new loan also yields a useful 20p to 25p over recent corporation loans. Unless something nasty happens to the gilt market this week, a premium of this size is expected. Liverpool is, incidentally, one of the few local authorities publicly to make much effort to hold down spending.

Spirella/Vantona

It is a pity that Spirella's bid for Vantona was not couched on a proper merger basis—it seems to be trying to tempt some Vantona shareholders out with cash, via the cash alternative for the convertible, and it has been a shade mean about the share of the ultimate combined equity being offered. But that is the price Vantona shareholders are paying for the deep split in their boardroom.

Those tempted to hold out for more have to bear two problems in mind. First, the divisions within the company—a managing director Dr. John Blackburn again affirmed his support for the deal yesterday in a circular letter—are likely to persist if the deal fails. That might well mean further Board upheavals at a time when, despite the higher profile forced by the majority faction of the Vantona directors, the outlook for demand is distinctly uncertain. Secondly, there is the highly geared structure of Vantona, with bank borrowings not much reduced from £20m. of last March. Even if the Vantona stays independent its shareholders could well face some dilution when it comes to financing the next cyclical upturn, particularly in view of the proposed substantial dividend increase.

The merger with Spirella, less highly geared, thus has financial as well as industrial arguments in its favour though the market this week, a premium of this size is expected. Liverpool is, incidentally, one of the few local authorities publicly to make much effort to hold down spending.

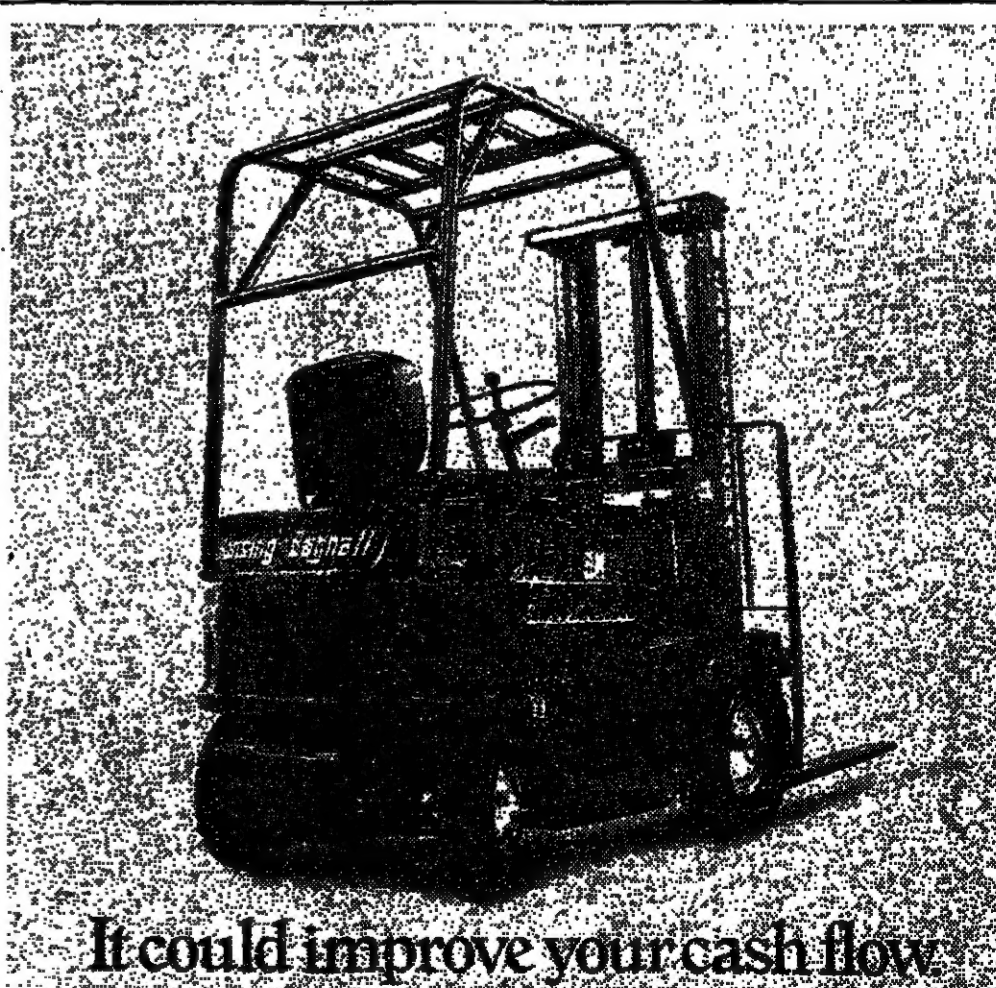
mitment Spirella has taken through the terms). So arguments tend to settle favour of acceptance of offer, which closes to-morrow.

Ferranti

Although the main theme of the Government's support for Ferranti was announced in May, the small print of a agreement was left till later and will now be scanned for a sign of change at the Department of Industry. It would be wrong to get excited about the appearance of provisions which spell out what would happen if the Government shareholders were to fall from its present 62.1 per cent. to under a tenth since the agreement has to do with every eventuality and the Secretary of State would retain significant powers over the company even if the holden dropped to as low as 15 per cent.

However one clause is worth noting—where the Secretary promises to give "due regard to the commercial considerations" when ruling on any proposal by the company to sell or shut down any substantial part of the business. This was not a part of May's settlement. Moreover the fact that the company's borrowing facilities have only been negotiated for the current year is apparently intended to suggest that it has not been given a blank cheque for the deal still looks extremely favourable. The £6.3m. Government loan has been given a 14 per cent. coupon, and need not be repaid until 1988—the sort of terms which finance directors of wholly viable companies can only dream about. And the Secretary has maintained the commitment to "take such steps as may be appropriate" with the troubled transferee division if it stands to threaten the hoped-for listing of the shares.

Getting rid of problems which have been costing an average of £1.7m. before interest over each of the last five years would be a major step towards putting Ferranti back on the right track. But it is not the whole answer, for the group's net cash outflow has topped £14m. in the past two years. And if the suggestion that the shares may be worth £2 or more by 1978 means anything, then annual net earnings will have to rise to, say, £3m. average of the last five years.



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